

**BLYTHE CITY COUNCIL  
AND  
BLYTHE REDEVELOPMENT AGENCY**



**AGENDA  
NOVEMBER 27, 2007  
6:00 P.M.**

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Robert Crain, Mayor  
Charles Grotke, Vice Mayor  
Alfonso Hernandez, Councilman  
Joseph DeConinck, Councilman  
Beverly Mays, Councilwoman  
Les Nelson, City Manager  
Virginia Rivera, City Clerk

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MEETINGS ARE HELD IN THE CITY COUNCIL CHAMBER, 235 NORTH BROADWAY, BLYTHE, CALIFORNIA

**AGENDA**  
**BLYTHE CITY COUNCIL MEETING**  
**AND**  
**BLYTHE REDEVELOPMENT AGENCY**



**NOVEMBER 27, 2007**

**6:00 P.M.**

**CALL TO ORDER:** Mayor Crain

**PLEDGE OF ALLEGIANCE:** by Invitation

**INVOCATION:** by Invitation

**ROLL CALL:**

|  |   |   |
|--|---|---|
| <input type="checkbox"/> Mayor Robert Crain        | <input type="checkbox"/> City Attorney Zundel | <input type="checkbox"/> Public Works Dir. Rodkey   |
| <input type="checkbox"/> Vice Mayor Charles Grotke | <input type="checkbox"/> City Manager Nelson  | <input type="checkbox"/> Planning Director Wellman  |
| <input type="checkbox"/> Councilman Hernandez      | <input type="checkbox"/> Asst. City Mgr. Hull | <input type="checkbox"/> City Engineer Aaby         |
| <input type="checkbox"/> Councilman DeConinck      | <input type="checkbox"/> Treasurer Martin     | <input type="checkbox"/> Golf Course Supt. Lanphere |
| <input type="checkbox"/> Councilwoman Mays         | <input type="checkbox"/> Finance Dir. Colbert | <input type="checkbox"/> Fire Chief Kem             |
| <input type="checkbox"/> City Clerk Rivera         | <input type="checkbox"/> Police Chief Whitney |   |

**ADDED STARTER**

The City Council may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the City Council and/or staff subsequent to the posting of the Agenda. An action adding an item to the Agenda requires a 2/3 vote of the City Council (4 of 5 Councilmembers). If less than 2/3 of the City Council is present, adding an item to the Agenda requires a unanimous vote.

**CONSENT CALENDAR**

*Items on the Consent Calendar are considered routine and will be enacted with one motion of the Council. If any item requires individual consideration, it will be removed from the consent calendar and acted upon separately.*

1. Posting of the Agenda: The summary of agenda items was posted on the bulletin boards on the outside of the public entrance to the Council Chamber and near the inside entrance of the Council Chamber on Wednesday, November 21, 2007.
2. Approval of Warrants Register, 11/27/07, warrants numbered 46706 through 46797 in the amount of \$13,968.09.
3. Approval of Payroll Register 11/21/07, warrants numbered 39744 through 39788 and Direct Deposits 13699 through 13787 in the amount of \$424,932.81.
4. Approval of Notice of Completion, Pavement Repair/Overlay & Raising of Utilities Grade.
  - a. Staff Report
  - b. Public Comment
  - c. Recommend Approval of Consent Calendar

**PUBLIC HEARINGS:**

1. Issuance of Bonds by California Statewide Communities Development Authority, Highland Property Development LLC - Rhyolite Apartments
  - a. Staff Report
  - b. Public Hearing
  - c. Recommend to Continue this Item to December 11, 2007 Meeting

2. **Allocation of Community Development Block Grant Funds (Fiscal Year 2008-2009)**
  - a. Staff Report
  - b. Public Hearing
  - c. Recommend Approval

#### **CONTINUED BUSINESS**

1. **Slurry Seal Project 2007**
  - a. Staff Report
  - b. Public Comment
  - c. Recommend Award the Contract to Bond Blacktop in Amount of \$82,693

#### **NEW BUSINESS:**

1. **Mayor's Committee Appointments**
  - a. Staff Report
  - b. Public Comment
  - c. Information Preparatory to December 11, 2007 Regular Meeting
2. **Blythe Airport Lease Modification for Border Patrol Station**
  - a. Staff Report
  - b. Public Comment
  - c. Recommend Authorization for Additional Vacant Land only Lease Agreement

#### **REDEVELOPMENT:**

1. **Rquest for Agency Assistance, Highland Property Development LLC**
  - a. Staff Report
  - b. Public Comment
  - c. Recommend to Continue this Item to December 11, 2007 Meeting

#### **ADJOURN:**

#### **REPORTS:**

1. **City Manager's Report**
  - a. Staff Report
  - b. Public Comment
  - c. Receive and File

#### **ORAL REPORTS:**

1. **Oral Reports from Council and Staff**

#### **PUBLIC COMMENT;**

|  |
|--|
| <i>Members of the public may address Council on items not covered in the Agenda. Speakers are asked to identify themselves and give their address. Speakers are asked to limit their remarks to 3 minutes in duration.</i> |
|--|

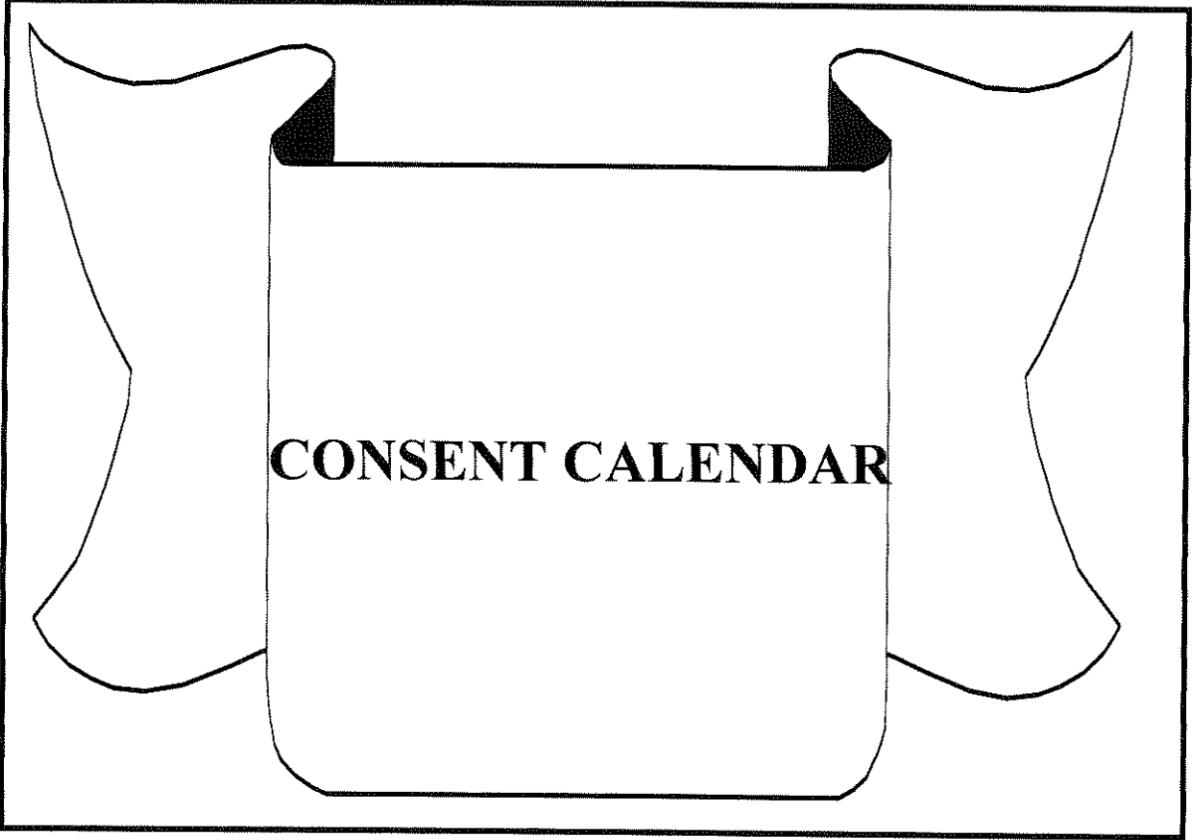
#### **ADJOURN:**

The Agenda is now available on the City's Website at <http://www.cityofblythe.ca.gov>

**NOTE TO THE PUBLIC:**



IN COMPLIANCE WITH THE AMERICANS WITH DISABILITY ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT VIRGINIA RIVERA, CITY CLERK AT (760) 922- 6161 EXT. 237. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING (28 CFR 35.104 ADA TITLE II)

A graphic illustration of a calendar. It features a central rectangular page with the text "CONSENT CALENDAR" in bold, black, uppercase letters. This central page is flanked by two larger, irregularly shaped pages that appear to be part of a bound volume, with wavy, torn edges. The entire graphic is enclosed within a thin black rectangular border.

**CONSENT CALENDAR**

|  |                                    |
|--|------------------------------------|
| RECORDING REQUESTED BY<br>AND WHEN RECORDED MAIL TO:<br><br>City Clerk<br>City of Blythe<br>235 North Broadway<br>Blythe, Ca 92225 | SPACE ABOVE FOR RECORDERS USE ONLY |
|--|------------------------------------|

### NOTICE OF COMPLETION

Notice is hereby given that:

1. The undersigned is owner or corporate officer of the owner of the interest or estate below in the property hereinafter described:
2. The full name of the owner is: City of Blythe
3. The full address of the owner is: 235 North Broadway Blythe, California 92225
4. The nature of the interest or estate is in fee. \_\_\_\_\_  
(if other than fee, strike "in Fee" and insert, for example, "purchaser under contract of purchase," or "lessee")
5. The full names and full addresses of all persons, if any who hold title with the undersigned as joint tenants in common are:  

| Names | Addresses |
|-------|-----------|
| None  |           |
6. A work of improvement on the property hereinafter described was completed on October 31, 2007. The work was: \_\_\_\_\_  
Pavement Repair/Overlay and raising of utilities to grade.
7. The name of the contractor, if any, for such work of improvement was:  
Granite Construction Company, 38000 Monroe Street, Indio, CA 92203
8. The property on which said work of improvement was completed is in the City of Blythe, California, County of Riverside, State of California, and is described as follows:  
  
Public Right-of-Way and roadways (Lot "A" through Lot "E") known as Hobsonway (US-60) from Florence Ave (East) to Florence Ave (West), Florence Ave, McKinley Drive, Thomas Ct, and Whitman Ct. as recorded and shown on Tract Map Book 22, page 26 on May 13, 1947. Said subdivision is also known as "Balszburg."
9. The street address of said property is: None  
(if no street address has been officially assigned, insert "none")

By: \_\_\_\_\_  
Robert Crain, Mayor

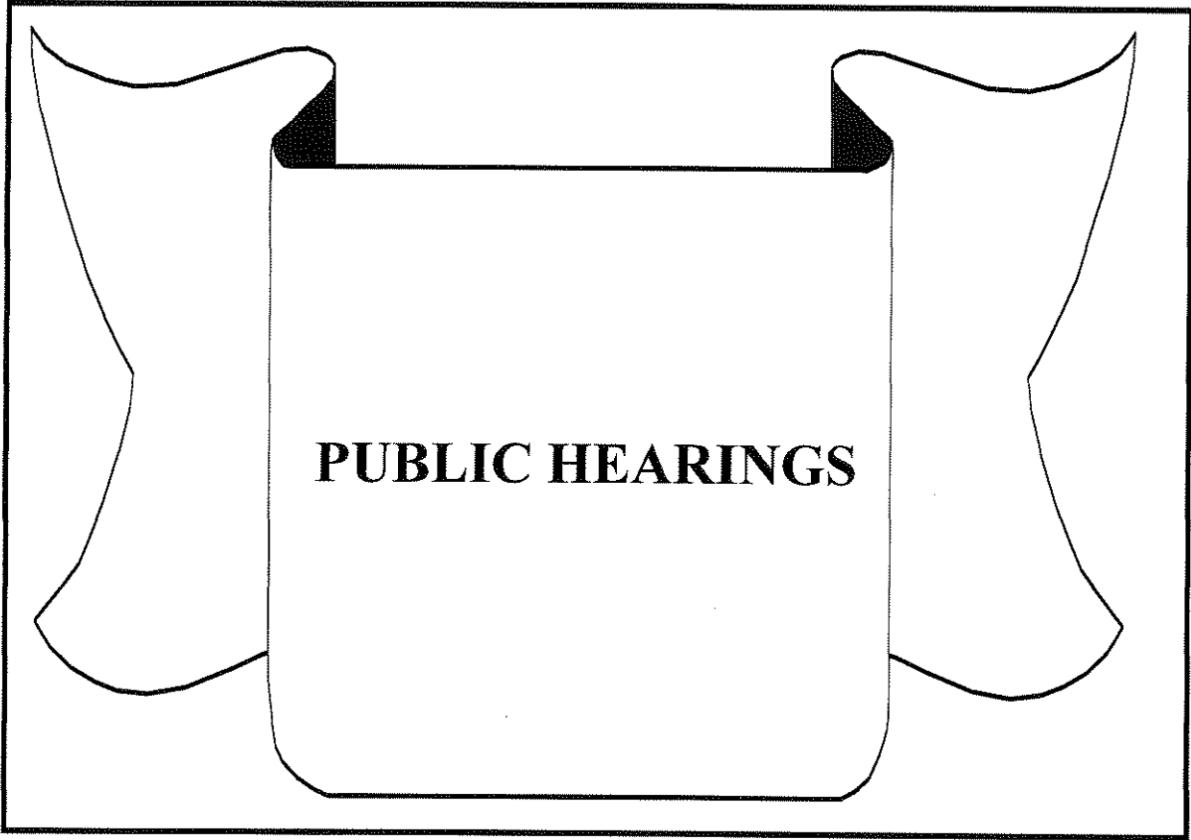
### VERIFICATION

I, the undersigned, say: I am the Mayor of the City of Blythe the Declarant of the foregoing notice of completion; I have read said notice of completion and know the contents thereof; the same of my own knowledge.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_, 2007, at Blythe, California

(Personal signature of the individual who is swearing that the contents of the notice of completion are true)

A graphic of a document with the text "PUBLIC HEARINGS" centered on it. The document is depicted with a central rectangular area and two side flaps that appear to be folded outwards. The text is in a bold, serif font.

**PUBLIC HEARINGS**

**SUBJECT:** Issuance of Bonds by California Statewide Communities Development Authority (CSCDA)

**LOCATION:** Rio Colorado Apartment and Townhomes (currently known as the Rhyolite Apartments)  
located at 400 North Palm Drive

**APPLICANT:** Highland Property Development LLC (HPD)  
250 W. Colorado Blvd., Suite 210  
Arcadia CA 91007

**PURPOSE/ACTION:** In order for the applicant (HPD) to meet State application deadlines, action on this item must be taken at the meeting of December 11, 2007. In anticipation that the requested action may spur questions and/or requests for additional information that may take time to compile, staff is submitting this report and accompanying information for review at this time. Further, it is requested that questions and requests for additional information be submitted to staff prior to Tuesday, December 4<sup>th</sup>.

**RECOMMENDATION:** It is recommended that the Council continue this Public Hearing to the regular meeting of December 11, 2007, at which time the following recommendation will be made:

1. Hold a public hearing to provide an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the debt and the nature or location of the Project; and,
2. Adopt Resolution No. 07-740 - Approving the issuance of multi-family housing revenue bonds for the purpose of financing the acquisition and rehabilitation of the Rio Colorado Apartment and Townhomes (currently known as the Rhyolite Apartments) located at 400 North Palm Drive, in the City of Blythe.

**BACKGROUND:** The City of Blythe has received a request from the California Statewide Communities Development Authority ("Authority") to conduct a public hearing for the issuance of tax-exempt revenue bonds (the "Bonds") in an aggregate amount not to exceed \$6.0 million on behalf of Highland Property Development, LLC (the "Developer"). Bond proceeds will be used by the Developer to finance the acquisition and rehabilitation of multi-family residential housing facilities located in the City (the "Project").

The Internal Revenue Code of 1986 (the "Code") requires that the "applicable elected representatives" of the jurisdiction in which a project to be financed with "private activity bonds" is to be constructed/rehabilitated, adopt a resolution approving the issuance of such "private activity bonds" after holding a public hearing which has been noticed in a newspaper of general circulation in such jurisdiction. The City Council is being asked to hold said public hearing. The proposed resolution would act as the approval by the "applicable elected representatives" with respect to the proposed Project. The CDLAC application for "private activity bond" allocation for a multi-family housing project requires the inclusion of the approval resolution. If the City Council adopts this resolution, CSCDA will proceed with the submission to CDLAC of an application for "private activity bond" allocation for the purpose of financing the acquisition and construction of the Project.

In order for the Authority to issue such Bonds the City must conduct the public hearing allowing members of the public to comment on the proposed Project and the City must approve of the Authority's issuance of Bonds on behalf of the proposed financing. Although the Authority [not the City] will be the

issuer of the tax-exempt revenue bonds for the Project, the financing cannot proceed without the City, as the governmental entity having jurisdiction over the site, approving of the Authority's issuance of indebtedness.

The Authority is a California joint exercise of powers authority, organized and existing under the laws of the State of California (specifically, California Government Code Section 6500 et. seq.) and is sponsored by the League of California Cities and the California Association of Counties. Under the California Government Code, cities and counties are authorized to form by agreement a governmental entity that combines the powers of such entities to perform certain governmental functions specifically outlined in the Agreement. With respect to the Authority, over 460 California cities, counties and special districts have entered into and executed the Agreement to become a member of the Authority including Riverside County. The Authority is authorized to assist in the financing of multi-family housing projects.

As announced in the published notice, the public hearing is simply an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the debt and the nature or location of the Project. There is no obligation on the part of the City Council to respond to any specific comments made or submitted.


The City would not be a party to the financing documents. As set forth in Section 9 of the Amended and Restated Joint Exercise of Powers Agreement of CSCDA, to which the City is a party, the debt would not be secured by any form of taxation, or by any obligation of either the City or CSCDA. Neither would the debt represent or constitute a general obligation of either the City or CSCDA. Pursuant to the governing California statutes and the JPA Agreement, a member of CSCDA is not responsible for the repayment of obligations incurred by CSCDA. The debt would be payable solely from amounts received pursuant to the terms and provisions of financing agreements to be executed by the Developer of the proposed facility. In the financing documents the Developer will also provide comprehensive indemnification to CSCDA and its members, including the City.

The City's membership in the Authority bears with it no cost or other financing obligation, but serves as a public acknowledgement by the host jurisdiction of the project financing. As such, there is no direct or indirect financial impact to the City of Blythe as a result of this proposed financing. The Authority will issue tax-exempt revenue bonds on behalf of the Project. The tax-exempt revenue bonds are payable solely out of the revenues derived by the Developer from the applicable Project. No financial obligations are placed on the City for project financing costs or debt repayment.

**ATTACHMENTS:**

1. Resolution No. 07-740
2. "Project" Locator Map

Respectfully Submitted:

  
Jennifer Wellman, Planning Director

Concurrence:

  
Les Nelson, City Manager

## **RESOLUTION NO. 07-740**

### **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLYTHE APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION AND REHABILITATION OF THE RIO COLORADO APARTMENTS AND TOWNHOMES LOCATED AT 400 NORTH PALM DRIVE**

**WHEREAS**, the California Statewide Communities Development Authority (the "Authority") is authorized by the laws of the State of California (the "Law") to execute and deliver multifamily housing revenue obligations for the purpose of financing the acquisition, construction/rehabilitation and development of multifamily residential rental facilities located within the area of operation of the Authority which are to be occupied, in part, by very low and low income tenants; and

**WHEREAS**, HPD Rio Colorado LP, a California limited partnership, or a limited liability company or other limited partnership to be formed by Highland Property Development LLC (the "Borrower"), has requested the Authority to issue and deliver multifamily housing revenue obligations in the anticipated principal amount of \$6,000,000 (the "Obligations"), the proceeds of which may only be used for the purpose of financing the acquisition and rehabilitation of 70-units of multifamily residential rental facilities to be commonly known as the Rio Colorado Apartments and Townhomes (currently known as the Rhyolite Apartments) located at 400 North Palm Drive in the City of Blythe, California (the "Project"); and

**WHEREAS**, the Obligations which are expected to be issued and delivered to finance the acquisition and rehabilitation of the Project would be considered "qualified exempt facility bonds" under Section 142 (a) of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 147(f) of the Code requires that the "applicable elected representative" with respect to the Project hold a public hearing on the issuance and delivery of the Obligations; and

**WHEREAS**, the City Council of the City of Blythe as the "applicable elected representatives" to hold said public hearing, has held said public hearing at which all those interest in speaking with respect to the proposed financing of the Project were heard.

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The City Council hereby finds and determines that the foregoing recitals are true and correct.
2. For purposes of the requirements of the Code only, the City Council hereby approves the proposed financing of the Project by the Authority with the proceeds of the Obligations.
3. The issuance and delivery of the Obligations shall be subject to the approval of and execution by the Authority of all financing documents relating thereto to which the Authority is a party and subject to the sale of the Obligations by the Authority.
4. The adoption of this Resolution is solely for the purpose of meeting the requirements of the Code and shall not be construed in any other manner, the City nor its staff having fully reviewed or considered the financial feasibility of the Project or the expected financing or operation of the Project with regards to any State of California statutory requirements, and such adoption shall not obligate (i) the

City to provide financing to the Borrower for the acquisition, rehabilitation and development of the Project or to issue the Obligations for purposes of such financing; or (ii) the City, of or any department of the City, to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, rehabilitation, development or operation of the Project.

5. The City Clerk of the City shall forward a certified copy of this Resolution and a copy of the affidavit of publication of the public hearing notice to:

Thomas A. Downey  
Jones Hall, A Professional Law Corporation  
650 California Street, 18<sup>th</sup> Floor  
San Francisco, California 94108

6. This resolution shall take effect upon its adoption.

**PASSED AND ADOPTED** this 11<sup>th</sup> day of December, 2007, by the following roll call vote:

Ayes:

Nays:

Abstain:

ATTEST:

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Mayor

---

City Clerk

POR. NW 1/4 NW 1/4 SEC. 32, T.6S., R.23E.

$\frac{1}{100} = 1\%$

04

**EUCALYPTUS**

AVE-

57-

**BARNARD**

3043-1/57  
(AVE) - DR.

~~NORTH-DALM~~

## SITE

Part 2  
8  
4.61 AC NT

7

BK. 842

M.B. 10/27 - C.C. Hobson's Tract No. 1  
P.M. 102/72-73 Parcel Map 18542

Date: M.B. 7/28, 28/48-49  
R/S 23/22

NOV. 1965

**SUBJECT:** Allocation of Community Development Block Grant Funds (Fiscal Year 2008-2009)

**SOURCE:** Planning Department

The City of Blythe, as a member of the Riverside County Urban County designation, receives a Community Development Block Grant (CDBG) allocation each year. The HUD funds are received, distributed and monitored by the Riverside County Economic Development Agency (EDA). The funds are distributed between the five supervisorial districts and 16 cooperating cities on the HUD "fair-share" formula which is based on population, extent of poverty and sub-standard housing. Projects selected for funding must meet criteria established by HUD. From applications received the Council allocates the funds within the established guidelines.

Projects/activities eligible for funding include: public facilities improvements; real property acquisition; public service (*limited to 15% of total grant allocation*); housing; capital equipment (fixed); and, rehabilitation/preservation. In order for an activity or project to qualify it must meet one of the three national objectives: (1) principally benefit (at least 51%) low and moderate income persons; (2) aid in the prevention of slums or blight; or, (3) meet community development needs having a particular urgency.

The CDBG allocation for FY 2008-2009 is anticipated to be \$140,000±. Of the \$140,000, \$21,000 (15%) is available to fund public service projects. Riverside County EDA, for the 2008-2009 FY, has imposed a minimum grant restriction on participating cities of \$10,000. Due to the rural nature and limited funding of the City of Blythe however, the minimum grant restriction has been reduced to \$7,000, which will allow the Council to fund a maximum of three public service projects.

It should also be noted that EDA has now set time limits for the expenditure of City project funds. Funds allocated prior to 2006-2007 must be spent by mid-June 2008; and new projects (including 2006-2007 and 2007-2008) are to be completed within two years of award.

Pursuant to CDBG program guidelines, staff has: 1) advertised in a newspaper of general circulation for interested applicants; 2) held a public workshop/meeting to discuss projects and community needs; 3) mailed letters to past applicants and recipients to encourage their continued participation in the program; and, 4) noticed this public hearing for allocation of CDBG funds.

In fiscal year 2007-2008 Council approved the following public projects for funding:

Public Facilities: Hopeful Start (\$7,500)

Public Service: Ageless Reflections (\$5,400)  
Blythe Emergency Food Pantry (\$7,500)  
Harmony Lunch Kitchen (\$7,137)

The following organizations have submitted applications for **public facilities** project funding:

| Organization       | Project Description | Amount Requested | Staff Recommendation |
|--------------------|---------------------|------------------|----------------------|
| Escuela de la Raza | Parking lot fencing | \$12,000         | \$12,000             |
|                    | <b>Total</b>        | <b>\$12,000</b>  | <b>\$12,000</b>      |

The following organizations have submitted applications for public service project funding:

| Organization        | Project Description             | Amount Requested | Staff Recommendation |
|---------------------|---------------------------------|------------------|----------------------|
| Ageless Reflections | Rent and Insurance              | \$10,000         | -0- <sup>a</sup>     |
| Food Pantry         | Supplies and operating expenses | \$10,000         | \$7,000              |
| CASA                | Volunteer training              | \$10,000         | -0-                  |
| Daughters of Zion   | Operating expenses              | \$ 7,048         | \$7,000              |
| Harmony Kitchen     | Operating expenses              | \$11,000         | \$7,000              |
| TGP Youth Center    | Homeless Services               | \$47,000         | -0- <sup>b</sup>     |
| <b>Total</b>        |                                 | <b>\$95,048</b>  | <b>\$21,000</b>      |

<sup>a</sup> Staff will propose an alternative arrangement with Ageless Reflections at a later date.

<sup>b</sup> The property located at 401 S. Fourth Street is not zoned to provide homeless services.

Based on the above recommendations (\$21,000 + \$12,000 = \$33,000), there would be about \$107,000 available for various City projects (i.e., Quechan Park, Quechan park Master Plan, Pocket Parks/Parking Lots, Todd Park, Recreation Center, etc.)

It should be noted that action is not required on this item at the meeting of November 27<sup>th</sup>. Action will however be required at the meeting of December 11, 2007, in order for the Riverside County EDA application deadline to be met.

#### RECOMMENDATIONS:

1. It is recommended that the City Council fund the following projects:

Public Facilities: Escuela de la Raza (\$12,000)


Public Service: Food Pantry (\$7,000)  
Daughters of Zion (\$7,000)  
Harmony Kitchen (\$7,000)

2. That the Council divide the remaining money into two projects from the following list:

City Projects: Playground Equipment  
Community Center Renovation  
Spring Street Parking Lot

3. That the Mayor be authorized to execute the supplemental agreement with the Riverside County Economic Development Agency for the allocation of the 2008-2009 CDBG funds; and,
4. That the City Manager be authorized to reprogram funds as required.

Respectfully Submitted:

  
Jennifer Wellman, AICP  
Planning Director

Concurrence:

  
Les Nelson,  
City Manager



**CONTINUED BUSINESS**

**BLYTHE CITY COUNCIL  
BLYTHE REDEVELOPMENT AGENCY**

**TO:** MAYOR AND CITY COUNCIL

**FROM:** Director of Public Works – Jim Rodkey 

**DATE:** November 20, 2007

**SUBJECT:** Slurry Seal Project 2007

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**BACKGROUND:**

On November 8, 2007, the Department of Public Works (DPW) received six bids for the Slurry Seal Project 2007. The amounts of the bids received were for \$133,900.50 from Penn Woods Corp., \$93,481.00 from American Asphalt, \$127,910.65 from Pavement Coatings, \$71,907.00 from Bond Blacktop, \$85,487.50 from Wheeler Blacktop Inc., and \$102,086.00 from Valley Slurry Seal (please see Attachment A). After review by the Department of Public Works the low bid submitted by Bond Blacktop was determined to be responsive and responsible.

The funding for this project is provided by a line item in the City budget (Slurry Seal Projects) for the fiscal year 2007/2008 for the amount of \$100,000.

Estimated expenditures will include the low bid cost of \$71,907, Contingency (10%) of \$7,190.70, and Inspection costs (5%) of \$3,595.30 amounting to a base project cost of \$82,693.00, leaving a total project surplus of \$17,307.

**RECOMMENDATIONS:**

1. Award the contract for the construction of the Slurry Seal Project 2007, to the low responsive and responsible bidder, Bond Blacktop for a base total project cost of \$82,693.

Concurrence by City Manager:



ATTACHMENT A

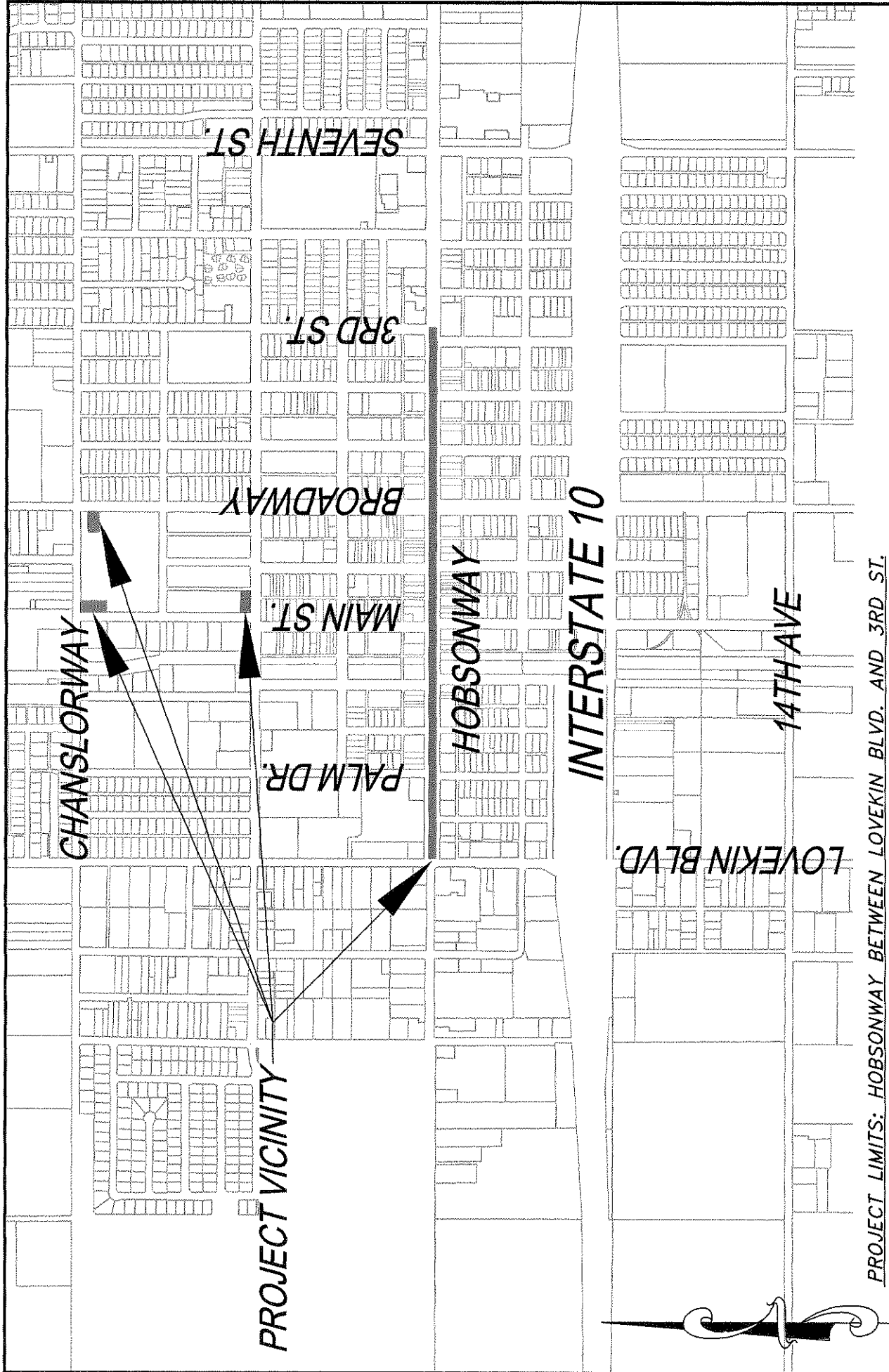
**BID RESULTS  
FOR THE  
CITY OF BLYTHE**

**SLURRY SEAL  
PROJECT 2007**

**NOVEMBER 8, 2007      2:00 PM**

|    | <b>ORGANIZATION</b>    | <b>BID</b>   |
|----|------------------------|--------------|
| 1. | PENN WOODS CORP.       | \$133,900.50 |
| 2. | AMERICAN ASPHALT       | \$93,481.00  |
| 3. | PAVEMENT COATINGS      | \$127,910.65 |
| 4. | BOND BLACKTOP          | \$71,907.00  |
| 5. | WHEELER BLACKTOP, INC. | \$85,487.50  |
| 6. | VALLEY SLURRY SEAL     | \$102,086.00 |
| 7. |                        |              |
| 8. |                        |              |

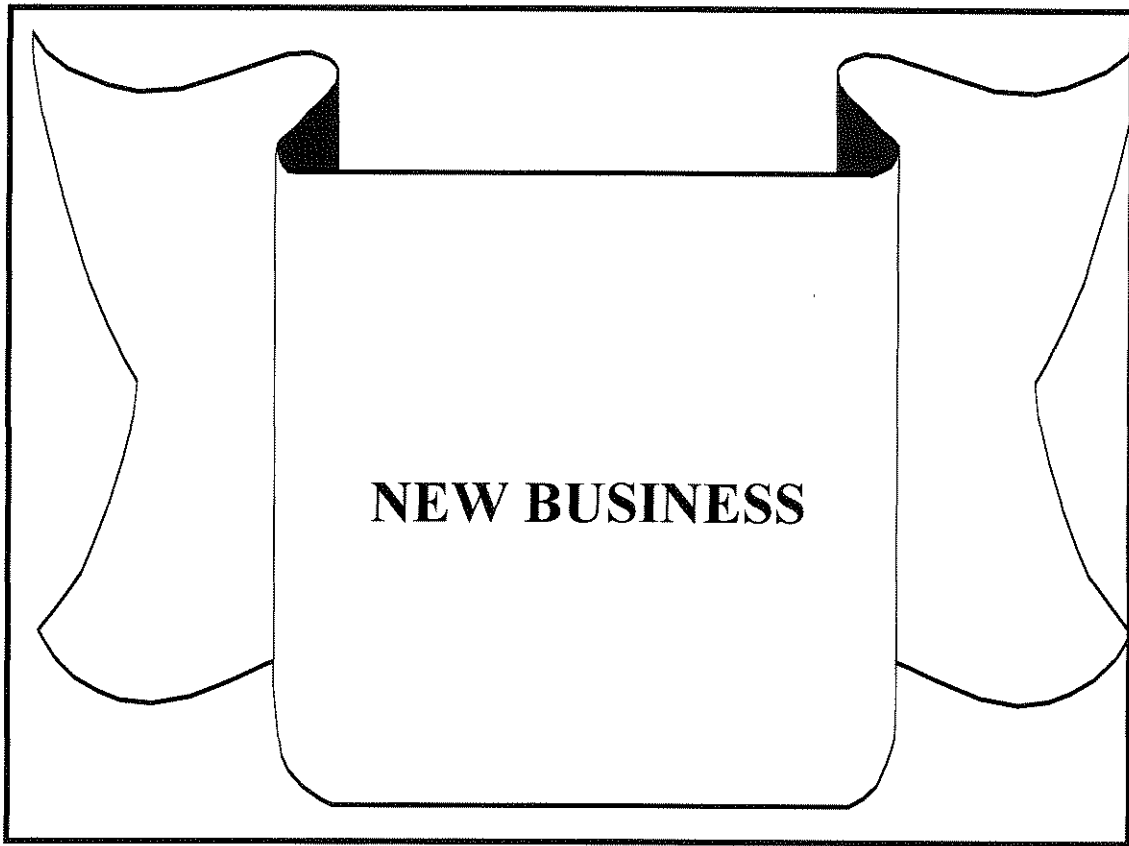
|        |                     |
|--------|---------------------|
| *NOTE: | APPARENT LOW BIDDER |
|--------|---------------------|



CITY OF  
**BLYTHER**  
DEPARTMENT OF PUBLIC WORKS

VICINITY MAP      Date: NOVEMBER 20, 2007  
**SLURRY SEAL PROJECT**  
2007

PROJECT LIMITS: HOBSONWAY BETWEEN LOVEKIN BLVD. AND 3RD ST.  
AND TODD PARK PARKING LOTS



**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT:** Mayor's Committee Appointments  
**DATE:** November 27, 2007

**BACKGROUND**

On December 4, 2007 the Blythe City Council will start a new term. New members will be sworn-in, and the Council will select a Mayor and Vice Mayor. At the first regular meeting on December 11, 2007, the Mayor normally makes Committee and Ad Hoc Committee appointments. Attached herewith for familiarization is the list of current appointments and a very brief snap shop of each committee.

**PVVT**A – Palo Verde Valley Transit Agency meets usually on a quarterly basis, the first Wednesday of the month at 12:00 noon in Blythe City Hall Council Chamber. Responsibility is oversight of the local transit system, including route configurations, fares and levels of service.

**MDAQMD** – Mojave Desert Air Quality Management District meets on the third Monday of the month at 10 a.m, at their offices in Victorville. The City does have tele-conferencing capability. Subject matter is extensive, relating to air quality rules and regulations, licenses, permits, enforcement actions.

**RCTC** – Riverside County Transportation Commission meets on the second Wednesday of the month in Riverside starting at 9:30 a.m. The City does have tele-conferencing capability. RCTC handles/controls/distributes monies for all transportation related functions (e.g. road construction, transit) in the County of Riverside.

**PVVEDP** – Palo Verde Valley Economic Development Partnership meets generally on the third Monday of the month at 11:30 a.m. the PVC Spring Street Campus. Subject matter is diverse, relating to Economic Development activities in the Palo Verde Valley.

**CVAG** – Coachella Valley Association of Governments is comprised of several standing committees. Blythe joined CVAG in 1998, primarily to have the clout and support of the Coachella Valley cities and the County when dealing with RCTC and their division of discretionary transportation funds. At the time, of the 24 cities in Riverside County, all except the City of Blythe were associated with either CVAG or the Western Riverside Council of Governments (WRCOG). CVAG's standing committees meet in Palm Desert as follows:

|                     |                          |            |
|---------------------|--------------------------|------------|
| Executive Committee | Last Monday              | 6:00 p.m.  |
| Transportation      | 3 <sup>rd</sup> Monday   | 12:00 noon |
| Public Safety       | 3 <sup>rd</sup> Monday   | 10:00 A.M. |
| Envir. & Energy     | 2 <sup>nd</sup> Thursday | 12:00 noon |

**League of Cities** – periodic meetings, but their two most important sessions are generally in July and September, at sites TBD throughout the State. The focus is on municipal-related issues at the State level.

**ACCAP** – Association of California Cities Allied with Prisons is an association of 22 cities that deal with City-CDC issues, primarily at the State level. ACCAP meets twice a year, usually in January in Northern California and August in Southern California.

City's Ad Hoc Committees deal with identified subject matter on an as needed basis.

**RECOMMENDATION**

Submitted as information preparatory to the regular meeting of December 11, 2007.

Respectfully submitted,

  
\_\_\_\_\_  
Les Nelson  
City Manager

Attachment


**CITY OF BLYTHE  
CITY COUNCIL COMMITTEE APPOINTMENTS**

| <b><u>AGENCY</u></b>                       | <b><u>2006-07<br/>EXISTING</u></b> |                         | <b><u>2008-09<br/>APPOINTED</u></b> |                         |
|--|------------------------------------|-------------------------|-------------------------------------|-------------------------|
|  | <b><u>PRIMARY</u></b>              | <b><u>ALTERNATE</u></b> | <b><u>PRIMARY</u></b>               | <b><u>ALTERNATE</u></b> |
| PVWTA                                      | Crain                              | Hernandez               |                                     |                         |
| MDAQMD                                     | Crain                              | DeConinck               |                                     |                         |
| RCTC                                       | DeConinck                          | Grotke                  |                                     |                         |
| PWVEDP                                     | Grotke                             | Staff                   |                                     |                         |
| <b>CVAG</b>                                |                                    |                         |                                     |                         |
| - Executive                                | Grotke                             | Hernandez               |                                     |                         |
| - Transportation                           | DeConinck                          | Hernandez               |                                     |                         |
| - Public Safety                            | Vacant                             | Vacant                  |                                     |                         |
| - Environment & Energy                     | Mays                               | DeConinck               |                                     |                         |
| <b>League of Cities</b>                    | Grotke                             | DeConinck               |                                     |                         |
| <b>ACCAP</b>                               | Hernandez                          | Mays                    |                                     |                         |
| <b>CITY AD HOC COMMITTEES</b>              |                                    |                         |                                     |                         |
| - Airport                                  | Hernandez                          | Grotke                  |                                     |                         |
| - Economic Development                     | Crain                              | Grotke                  |                                     |                         |
| - Parks & Recreation                       | Hernandez                          | Mays                    |                                     |                         |
| - Water & Infrastructure                   | DeConinck                          | Crain                   |                                     |                         |
| - Joint Committee -<br>City/College/School | Mays                               | Grotke                  |                                     |                         |
| - Art & Public Places                      | Grotke                             | Hernandez               |                                     |                         |
| - Palo Verde Hospital                      | Crain                              | DeConinck               |                                     |                         |
| - Personnel/Recruitment                    | Hernandez                          | Grotke                  |                                     |                         |
| - Budget                                   | Crain                              | Mays                    |                                     |                         |

12-11-07

# BLYTHE CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: A.C.M. - C. HULL 

DATE: MARCH 27, 2007

SUBJECT: BLYTHE AIRPORT LEASE MODIFICATION FOR BORDER PATROL STATION


## BACKGROUND:

The Immigration Naturalization Service (INS), Border Patrol, Homeland Security facility at the Blythe Airport needs to expand their lease holdings until the planned new facility can be built. While staff has had numerous conversations in the past about this facility, several things have occurred recently requiring this change in leased area be accomplished. Staff met with Agent in Charge, Daniel Serrato in March 2007 and mapped out the land to be added to the original site. The new site is double what they occupy today, from 1.44 acres to 3.21 acres. The Environmental Assessment summary completed for the new section to be added to the existing lease is included as is the proposed new lease agreement.

With the newly completed MAI appraisal for the entire airport, staff has calculated an annual (5% flat) lease rate which will run until the lease terminates June 30, 2010.

## RECOMMENDATION:

Council authorize the additional "vacant land only" lease adjustment for the INS station at the Blythe Airport as outlined in this staff report.

Concurrence by City Manager: 

|  |   |      |
|--|---|------|
| DEPARTMENT OF HOMELAND SECURITY<br>CUSTOMS AND BORDER PROTECTION<br><b>SUPPLEMENTAL LEASE AGREEMENT</b>  | SUPPLEMENTAL<br>AGREEMENT<br>No. <b>3</b> | DATE |
| ADDRESS OF PREMISES:<br><b>16870 West Hobson Way</b><br><b>Blythe, CA. 92225</b><br><b>As well as the parcel adjacent to the North</b><br><b>Delineated by Exhibit A attached hereto</b> | TO LEASE NO. <b>SPD 53-60.3</b>           |      |

THIS AGREEMENT, made and entered into this date by and between: **The City of Blythe**

whose address is: **235 North Broadway**  
**Blythe, California 92225**

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:  
 WHEREAS, the parties hereto desire to amend the above Lease.

NOW THEREFORE, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended effective **December 1, 2007** to add **1.52 acre parcel of land to the North adjacent to the existing lease location**, and to amend the rent schedule as follows. Accordingly, paragraphs 2,3 and 7 are amended and substituted by the following The General Clauses are hereby added:

**"2. Block A:** A portion of the West half of Section 32, Township 6 South, Range 22 East, S.B.B. & M., being more particularly described by metes and bounds as follows: Commencing at the Southwest corner of said section 32; thence S89° 53' 40" B along the Southerly Line of said section a distance of 36.56 feet; thence N00° 37' 00" B a distance of 2584.57 feet to the true point of beginning of the parcel of land to be conveyed; thence continuing N00° 37' 00" E a distance of 89.20 feet; thence N89° 06' 00" E a distance of 262.43 feet; thence S17° 36' 00" W a distance of 90.56 feet; thence Southwesterly along a 50 foot radius curve tangent to the last described course through an angle of 71° 30' 00" a distance of 62.40 feet; thence S89° 06' 00" a distance of 158.87 feet; thence Northwesterly along a 30 foot radius curve tangent to the last described course through an angle of 91° 31' 00" a distance of 47.92 feet to the point of beginning.

And, in addition to the above, approximately one-third of an acre consisting of a 50 foot deep strip along the North side of the property to be used for secure parking and an additional strip 35' x 280' to be used for parking.

(CONTINUED ON SHEET 1 ATTACHED TO AND FORMING A PART OF SUPPLEMENTAL LEASE AGREEMENT NUMBER 3 TO LEASE SPD 53-60.3).

All other terms and conditions of the lease shall remain in force and effect.

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

**LESSOR: City of Blythe**

BY \_\_\_\_\_ (Signature) \_\_\_\_\_ (Title)

IN THE PRESENCE OF (witnessed by:)

\_\_\_\_\_ (Signature) \_\_\_\_\_ (Address)

**UNITED STATES OF AMERICA, Department of Homeland Security, Customs and Border Protection.**

BY \_\_\_\_\_ (Signature) Contracting Officer  
DHS, CBP

Block B: All that real property in the County of Riverside, State of California, located within Section 32, Township 6 North, Range 22 East, San Bernardino Meridian, described as: Commencing at the United States Coast and Geodetic Survey Monument "E 133 Reset" which is a concrete post with a brass disk set in top having NGS Published coordinates of; North 2,169,049.66, East 7,030,501.79 (EPOCH 1992), in the California Coordinate System, NAD 83 Zone 6, from which the United States Coast and Geodetic Survey Monument "Fly," which is a concrete post with a brass disk set in top having NGS Published coordinates of; North 2,169,103.45, East 7,032,610.59 (EPOCH 1992) in the California Coordinate System, NAD 83 Zone 6, bears North 88° 32' 20" East, a distance of 2109.49 feet; thence North 50° 48' 32" East, a distance of 264.48 feet to the Point of Beginning and the Southwest corner of the lease boundary, marked by a concrete nail and tag stamped LS 7562, set in a fence post footing; thence North 0° 06' 01" East, a distance of 214.99 feet to the Northwest corner of Lease Boundary, marked by a 1-inch iron pipe tagged LS 7562; thence South 89° 57' 57" East, a distance of 344.68 feet to the Northeast corner of Lease Boundary, marked by a 1-inch iron pipe, tagged LS 7562; thence South 17° 02' 59" West, a distance of 217.06 feet to the Southeast corner of Lease Boundary, marked by a concrete nail, a tag stamped LS 7562 set in a fence post footing, from which said United States Coast and Geodetic Survey Monument "Fly" bears South 85° 44' 56" East, a distance of 1626.88 feet; thence South 88° 31' 20" West, a distance of 281.51 feet, to the Southwest corner of Lease Boundary and the Point of Beginning.

Distance contained in this description are grid. To obtain true ground distances multiply by 1.00005303.

Described Lease Boundary contains 1.52 acres (actual ground area).

"3. Term. TO HAVE AND TO HOLD Blocks A & B as outlined in Exhibit A, with their appurtenances for the term beginning on October 1, 2007 through June 30, 2010, subject to termination and renewal rights as set forth in the original lease.

"7. The Government shall pay the Lessor annual rent one year in arrears as follows:

Block A:

October 1, 2007 – September 30, 2008: at the rate of \$3,168.42 per annum;  
October 1, 2008 – September 30, 2009: at the rate of \$3,326.84 per annum;  
October 1, 2009 – June 30, 2010: at the rate of \$2,613.95

Block B:

October 1, 2007 – September 30, 2008: at the rate of \$3,344.46 per annum;  
October 1, 2008 – September 30, 2009: at the rate of \$3,511.68 per annum;  
October 1, 2009 – June 30, 2010: at the rate of \$2,759.18

Rent checks shall be made payable to:

City of Blythe  
235 North Broadway  
Blythe, California 92225

**DEPARTMENT OF HOMELAND SECURITY (DHS)**  
**Customs and Border Protection**  
**24000 Avila Road, Room 5020**  
**Laguna Niguel, CA 92677**  
**949-360-3048**

**GENERAL CLAUSES**  
**(Simplified Leases)**

**(Acquisition of Leasehold Interests in Real Property for Leases Up to \$100,000 Net Annual Rent)**

1. The Government reserves the right, at any time after the lease is signed and during the term of the lease, to inspect the leased premises to which access is necessary.
2. During the term of this agreement, Lessor agrees that technical and maintenance employees and representatives and agents of the Government shall have at all times rights of ingress and egress (including the use of all existing roadways) to the premises for the purposes of installing, maintaining and repairing its equipment. The Government shall not be required to assume any expense in connection with the maintenance of said roadways.
3. The Government acknowledges that it is liable for the negligent, wrongful acts, or omissions of its employees while acting within the scope of their employment to the extent permitted by the Federal Tort Claims Act, 28 U. S. C. 1346(b) et. seq.
4. In the event the Lessor fails to perform any service, to provide any item, or meet any requirement of the lease, the Government may perform the service, provide the item, or meet the requirement, either directly or through a contract. The Government may deduct any cost incurred for the service or item, including administrative costs, from rental payments.
5. All improvements to the leased property delineated by Exhibit A are the sole property of the Government to include gravel, fencing, lighting, camera, and modulars, and may be retained by the Government upon expiration of this lease. At the Government's sole discretion, Government property remaining on the leased premises after termination of the lease contract shall become the property of the Lessor.
6. Lessor hereby agrees to indemnify and hold the Government, harmless from and against any and all liabilities, obligations, damages, fines, penalties, claims, actions, suits, costs and expenses, including reasonable legal and technical fees and expenses, imposed on, incurred by or levied against the lessee, Government, by third parties or Governmental entities, in any way relating to or arising from:  
1) Pre-existing hazardous and regulated waste contamination of the land surface and subsurface including the surrounding areas. 2) The subsurface migration to the subject leased property and surrounding areas of gaseous or liquid phase contaminant's at levels requiring investigatory or remedial action as determined by federal, state or local regulatory entities.
7. This lease agreement shall not be varied in its terms by oral agreement or representation or otherwise than by an instrument in writing of subsequent date hereto executed by both parties by their respective officers or other person duly authorized.
8. The terms and provisions of this lease agreement and the conditions herein shall bind Lessor, their successors and assigns.

INITIALS: \_\_\_\_\_  
LESSOR                      Date  
\_\_\_\_\_  
GOVERNMENT              Date

GSA FORM 3517A PAGE 1 of 2 (REV 5/98)

9. Lessee shall provide access to the City of Blythe for repair and maintenance to the existing underground public utilities and shall hold the City of Blythe harmless of any damage caused by the existence or maintenance of said public utilities. Lessee further agrees that no structures are to be installed or erected on or over any utility easements that lie within either Lots 'A' or 'B'.

10. FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (VARIATION) (SEP 2001)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request to DHS, ACL Facilities and Engineering, the Contracting Officer will make the full text available, or the full text may be found on the Internet as GSA Form 3517A (Full Text) at <http://www.gsa.gov> by inserting GSA Form 3517A in the search block.

11. The following clauses are incorporated by reference:

|                 |   |
|-----------------|---|
| FAR 52.232-23   | ASSIGNMENT OF CLAIMS (JAN 1986)                             |
| GSAR 552.232-75 | PROMPT PAYMENT (SEP 1999)                                   |
| GSAR 552.232-76 | ELECTRONIC FUNDS TRANSFER PAYMENT (MAR 2000)<br>(Variation) |
| FAR 52.233-1    | DISPUTES (JUL 2002)   |

The information collection requirements contained in this solicitation/contract, that are not required by regulation, have been approved by the Office of Management and Budget pursuant to the Paperwork Reduction Act and assigned the OMB Control No. 3090-0163.

INITIALS: \_\_\_\_\_  
LESSOR \_\_\_\_\_ Date \_\_\_\_\_  
GOVERNMENT \_\_\_\_\_ Date \_\_\_\_\_

GSA FORM 3517A PAGE 2 of 2 (REV 5/98)

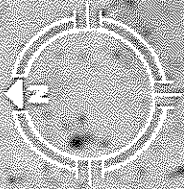


Exhibit A



Block B



Block A



Lease:  
SPD 53-60.3  
Lessor: City of  
Blythe  
Lessee: United  
States of America  
Not To Scale

**VACANT COMMERCIAL PROPERTY  
PROPOSED FUTURE BORDER PATROL STATION, BLYTHE, CALIFORNIA  
PHASE I ENVIRONMENTAL SITE ASSESSMENT – FINAL**

**1.0 INTRODUCTION**

This report presents the findings of the Phase I Environmental Site Assessments (ESAs) performed for the US Department of Homeland Security at the future Blythe Border Patrol Facility located in the 16800 block of Hobsonway in Blythe, California. The subject property was not assigned a street address at the time of this ESA. Blythe Border Patrol Station at 16870 West Hobsonway is located adjacent to the south of the subject property. MCS Environmental, Inc. (MCS) conducted a Phase I ESA of the vacant property. The property is currently owned by Riverside County and is part of the Blythe Airport property. This assessment investigated the potential presence and impacts of hazardous material at the site. This included researching land-use records and other sources for preliminary indications of hazardous-material use, storage, or disposal at the property.

**1.1 PURPOSE**

The objective of this project was to identify, from existing and readily available information, any “recognized environmental conditions.” This term means the presence or likely presence of any hazardous substance or petroleum products under conditions that indicate a past, current, or threatened release into the structures, ground, groundwater, or surface water of the property. “Hazardous substances” refers to the range of contaminants, including petroleum products, listed under the Resource Conservation and Recovery Act (RCRA) and Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). A Phase I ESA uses professional observations and conclusions to judge the likelihood that significant environmental problems, current or past, will adversely affect the refinancing, holding, or sale of the property. Recognized environmental conditions do not include *de minimis* conditions that present no material risk of harm to public health and the environment, and that would not be the subject of enforcement action if brought to the attention of appropriate government agencies.

**1.2 SCOPE OF SERVICES**

This Phase I ESA was conducted in keeping with the “due diligence” clause of Section 107 of the CERCLA, 1980, as amended by the Superfund Amendment Reauthorization Act (SARA) of 1986, which has become key to managing the potential risk presented by property transactions or modifications. Section 107(b) provides relief from liability if a defendant can establish that he or

she exercised due diligence in investigating a site for hazardous substances, and took precautions against foreseeable acts or omissions in the transaction or modification. “Due diligence” is defined as “the process of inquiring into the environmental characteristics of a parcel of commercial real estate or other conditions, usually in connection with a commercial real estate transaction. The degree and kind of due diligence vary for different properties and differing purposes (ASTM, 2005).”

This document meets or exceeds all the standards for Phase I ESAs in “Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process” of the American Society for Testing and Materials International (ASTM E1527-05). The ASTM standard defines the Phase I ESA practices that, in the context of commercial real estate transactions, are intended to permit a “user to satisfy one of the requirements to qualify for the ‘innocent landowner defense’ to CERCLA [SARA] liability: that is, the practices that constitute ‘all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practice,’ (42 USC Section 9601(35) (B)).”

This Phase I ESA was conducted on an approximately 1.52 acre portion of parcel 824080004 of the Blythe Airport property. This document still meets or exceeds all standards for Phase I ESAs in the ASTM E1527-05 guide.

### **1.3        SIGNIFICANT ASSUMPTIONS**

No significant assumptions were made for this Phase I ESA. The Phase I ESA was performed on approximately 1.52 acres of the Blythe Airport property located adjacent to the north of the Blythe Border Patrol Facility, 16870 West Hobsonway.

### **1.4        LIMITATIONS AND EXCEPTIONS**

Reasonable efforts were made to accomplish project tasks using current professional standards of the industry. To the extent that services required subjective judgment, there can be no assurance that definitive or desired results were obtained, or that the results obtained will be usable. Although based on scientific principles, to the extent that results depend on subjective judgments, they are subject to human error. The conclusions in this report are based in part on information from third-party sources. Every effort was made to corroborate such information, but cannot guarantee its accuracy or completeness.

## **1.5 SPECIAL TERMS AND CONDITIONS**

There are no special terms or conditions associated with this Phase I ESA.

## **1.6 USER RELIANCE**

This document can be used by the user to show that he/she has exercised due diligence in investigating the proposed property for hazardous materials and petroleum substances, and took precautions against foreseeable acts or omissions in the transaction or modification.

## 2.0 SITE DESCRIPTION

### 2.1 LOCATION AND LEGAL DESCRIPTION

The proposed Customs and Border Protection property is located adjacent to and north of the Blythe Border Patrol Station, addressed 16870 Hobsonway, west of the City of Blythe, California. According to the City of Blythe Building Department, the property is outside of the Blythe city limits (Van Dyke, 2007). The subject property is located on the Blythe Airport property in Riverside County, California (Figure 1). The west and east edges of the property are bounded by degraded asphalt roads with no names. The north boundary of the site is a graded dirt and gravel road, also unnamed. The south edge of the property borders the Blythe Border Patrol Station property. The legal description of the parcel is described below.

#### INS LEASE BOUNDARY

All that real property in the County of Riverside, State of California, located within Section 32, Township 6 North, Range 22 East, San Bernardino Meridian, described as:

Commencing at the United States Coast and Geodetic Survey Monument "E 133 Reset", which is a concrete post with a brass disk set in top having NGS Published coordinates of; North 2,189,049.66, East 7,030,501.79 (EPOCH 1992) in the California Coordinate System, NAD 83 Zone 6, from which the United States Coast and Geodetic Survey Monument "Fly", which is a concrete post with a brass disk set in top having NGS Published coordinates of; North 2,169,103.45, East 7,032,610.59 (EPOCH 1992) in the California Coordinate System, NAD 83 Zone 6, bears North 88°32'20" East a distance of 210949 feet; thence North 50°48'32" East, a distance of 264.48 feet to the Point of Beginning and the Southwest corner of the lease boundary marked by a concrete nail and tag stamped LS 7562, set in a fence post footing; thence North 0°06'01" East, a distance of 214.99 feet to the Northwest corner of Lease Boundary, marked by a 1-inch iron pipe tagged LS 7562; thence South 89°57'57" East, a distance of 344.68 feet to the Northeast corner of Lease Boundary, marked by a 1-inch iron pipe, tagged LS 7562; thence South 17°02'59" West, a distance of 217.06 feet to the Southeast corner of Lease Boundary, marked by a concrete nail, a tag stamped LS 7562 set in a fence post footing, from which said United States Coast and Geodetic Survey Monument "Fly" bears South 85°44'56" East, a distance of 1626.88 feet; thence South 88°31'20" West, a distance of 281.51 feet, to the Southwest corner of Lease Boundary and the Point of Beginning.

Distance contained in this description are grid. To obtain true ground distances multiply by 1.00005303. Described Lease Boundary contains 1.52 acres (actual ground area).

Craig Johnson/PLS 7562 Exp.  
12/31/03

## 7.0 FINDINGS

The Phase I ESA scope of work did not include sampling or analysis of environmental media to detect the presence or confirm the absence of contaminants. Our conclusions are based on information from research, agency inquiries, and observations during the site inspection.

Consistent with the requirements of a Phase I ESA, the research for this investigation focused on confirming site history, inspecting the site and structures, and reviewing pertinent regulatory documents and historical records. The objective of this assessment was to assess, from existing and readily available information, the potential presence of hazardous substances.

The following conditions were observed:

The subject property is 1.52 acres of level, vacant land. The site is bounded to the east and west by degraded asphalt roads. A graded dirt road borders the north boundary. These roads have no names. The Blythe Border Patrol Station occupies the property adjacent to the south of the subject property. The property appears to have been graded periodically. Sparse growth of desert shrub and grasses was observed. Tire tracks across the subject property suggest possible automobile use as a shortcut. No stained soil or stressed vegetation was observed at the subject site.

- ◆ There is a 2,000-gallon above ground fuel tank located on the Border Patrol property adjacent to the southeast corner of the subject property. No evidence of stained soil or stressed vegetation was observed in the area of the tank.
- ◆ The Blythe Airport property (Former LUST site) is located adjacent to the subject property. The subject property is part of the Blythe Airport complex. The former LUST site is actually located approximately 1,900 feet to the northwest of the subject site. The case is listed as closed by the CA Regional Water Quality Control Board (CA RWQCB).
- ◆ The Farmer's Air Service property is located over a mile to the north of the subject property (Hull, 2007). This site is listed as a low priority for corrective action in the RCRA database and should not impact the subject property. The CORRACTS listing suggests that it came to agency attention because of poor or faulty waste management practices. Farmer's Air Service ended the lease at the Blythe and move out of the site 2 years ago (Hull, 2007).

### Note:

Seventeen pages have been omitted from this section of the report in the interest of brevity. The full report is on file in City Hall.

## 8.0 OPINION

Based on currently available information and our professional experience and expertise in environmental affairs, particularly in the area of potential liabilities associated with transfer of property, it is our qualified opinion that there **are no recognized environmental conditions that could adversely affect the transfer or development of the subject property.**

## 9.0 CONCLUSIONS

MCS performed this Phase I ESA in conformance with the scope and limitations of ASTM International Practice E 1527-05 of the Future Blythe Border Patrol Station west of Blythe, California. There was no street address for the subject property at the time of the assessment. The nearest address is the Blythe Border Patrol Station, adjacent to the south of the subject site at 16870 West Hobson Way.

Observations made during the site walkover and review of historical information indicate that the property was developed with two military barracks buildings from 1942 to the early 1950s. The barracks were part of the Blythe Army Air Base complex. The property is covered with sparse vegetation and a small plant debris pile. No evidence of stained soil or stressed vegetation was observed on the subject property. The site appears to have been graded in the past, probably for brush clearance.

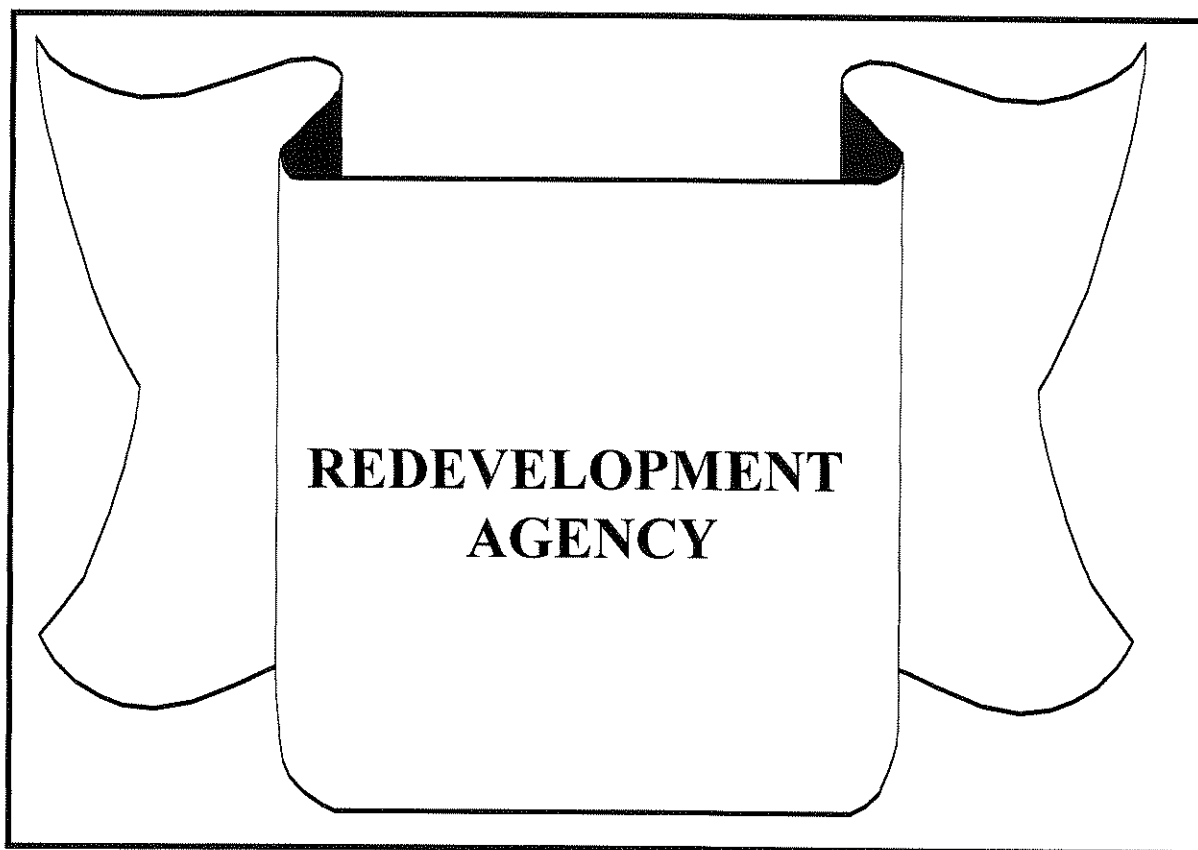
FEMA flood maps list the property in the 500-year flood zone.

The Southwest Travel Plaza property (LUST site) is located approximately 1.1 miles to the west of the subject property. This site now contains a Union 76 gasoline station and truck stop. The distance to this site and the direction of groundwater flow make it unlikely that listed site will impact the subject property.

Farmer's Air Service property is located approximately 5,300 feet to the north of the subject property. This site is listed as a low priority for corrective action in the RCRA database and should not impact the subject property. The Farmer's Air Service is no longer located at this address. Mr. Charles Hull, Blythe Airport manager, stated that the Farmer's Air Service left the facility two years ago (Hull, 2007)

The Blythe Airport LUST site is located approximately 1,900 feet to the northwest of the subject property. This site is now listed as case closed (CA RWQCB).

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527 of the Future Border Patrol Station property located west of Blythe, California. Any exceptions to, or deletions from, this practice are described in Section 1.4 of this report. This assessment has not revealed any evidence of recognized environmental conditions in connection with the property.



**BLYTHE REDEVELOPMENT AGENCY**  
**STAFF REPORT**  
**November 27, 2007**

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*Continued from the meeting of October 9, 2007*

**SUBJECT:** Request for Agency Assistance

**LOCATION:** Rio Colorado Apartments and Townhomes (currently known as Rhyolite Apartments)  
located at 400 North Palm Drive

**APPLICANT:** Highland Property Development LLC (HPD)  
250 W. Colorado Blvd., Suite 210  
Arcadia CA 91007

**PURPOSE/ACTION:** In order for the applicant (HPD) to meet State application deadlines, action on this item must be taken at the meeting of December 11, 2007. In anticipation that the requested action may spur questions and/or requests for additional information that may take time to compile, staff is submitting this report and accompanying information for review at this time. Further, it is requested that questions and requests for additional information be submitted to staff prior to Tuesday, December 4<sup>th</sup>.

**RECOMMENDATION:** It is recommended that the Agency Board of Directors continue this item to the regular meeting of December 11, 2007, at which time the following recommendation will be made:

1. It is recommended that the Agency Board of Directors adopt Agency Resolution No. 2007-123 approving a loan to Highland Property Development (HPD); and
2. Authorize the Mayor to execute the Redevelopment Loan Agreement between Highland Property Development, LLC and the Blythe Redevelopment Agency.

**BACKGROUND:** At the October 9, 2007, meeting of the Council, a staff report was submitted on behalf of Highland Property Development requesting financial assistance for the rehabilitation of the Rio Colorado Apartments and Townhomes.

Prior to the start of the October 9<sup>th</sup> meeting, staff was made aware that HPD intends to form a non-profit corporation to which ownership of the Rio Colorado Apartments and Townhomes (Rhyolite Apartments) would be transferred, exempting the complex from payment of property taxes. Staff's October 9<sup>th</sup> report indicated that the Agency would receive a return on its [grant] investment through tax increment in approximately 12.5 years. However, without the payment of property taxes, no tax increment is generated. (See Attachment A)

**REVISED REQUEST:** HPD is seeking a \$350,000 loan from the Blythe Redevelopment Agency to assist with rehabilitation of the Rio Colorado Apartments and Townhomes.

HPD will acquire the property at the "as-is" market value, as determined by an independent appraiser. Rio Colorado Apartments and Townhomes will be rehabilitated and preserved utilizing low-income housing tax credits and tax exempt bond financing, while subordinating the existing HCD debt of \$2,255,706 in principal plus \$1,011,204 in accrued interest.

As indicated in HPD's request for assistance, HPD believes the City will receive the following benefits:

- 1) **Property Improvements:** Substantial rehabilitation in the amount of \$48,600 per unit, which is equal to HCD's current indebtedness to the property.

- 2) **Crime Reduction:** Security and property improvements will allow the property to fully lease up.
- 3) **New Owner without Foreclosure:** HPD will make payment at close to CAL-HFA: \$336,800 in principal plus \$52,300 in past due fees removing the first mortgage. This will allow for new financing and moving towards rehabilitation.
- 4) **Long Term Preservation:** Preservation of 70 units of affordable housing for 55 years.
- 5) **Retaining HCD Debt in a Subordinated Positions:** "They" will subordinate 100% of principal plus up to 100% of accrued interest of HCD debt as long as it is supported by the "as-is" market appraisal. Without this intact financing, the \$40,000 of rehabilitation is not possible.

The Rio Colorado Apartments and Townhomes property is located within the Blythe Redevelopment Project Area and the improvements proposed are eligible expenditures of low- and moderate-income set-aside funds.

**ATTACHMENTS:**

1. October 9, 2007, Staff Report
2. Agency Resolution No. 2007-123
3. Draft Redevelopment Agency Loan Agreement

Respectfully Submitted:



Jennifer Wellman, AICP  
Planning Director

Concurrence:



Les Nelson,  
City Manager

**BLYTHE REDEVELOPMENT AGENCY  
STAFF REPORT**

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**October 9, 2007**

**SUBJECT:** Request for Agency Assistance – Rhyolite Apartments

**APPLICANT:** Highland Property Development LLC (HPD)  
250 W. Colorado Blvd., Suite 210  
Arcadia CA 91007

HPD is seeking \$500,000 in assistance from the Blythe Redevelopment Agency in order to correct, preserve and restore the Rhyolite Apartments located at 400 North Palm Drive.

HPD will acquire the property at the “as-is” market value, as determined by an independent appraiser. Rhyolite will be rehabilitated and preserved utilizing low-income housing tax credits and tax exempt bond financing, while subordinating the existing HCD debt of \$2,255,706 in principal plus \$1,011,204 in accrued interest.

As indicated in HPD’s request for assistance, HPD believes the City will receive the following benefits:

- 1) **Property Improvements:** Substantial rehabilitation in the amount of \$48,600 per unit, which is equal to HCD’s current indebtedness to the property.
- 2) **Crime Reduction:** Security and property improvements will allow the property to fully lease up.
- 3) **New Owner without Foreclosure:** HPD will make payment at close to CAL-HFA: \$336,800 in principal plus \$52,300 in past due fees removing the first mortgage. This will allow for new financing and moving towards rehabilitation.
- 4) **Long Term Preservation:** Preservation of 70 units of affordable housing for 55 years.
- 5) **Retaining HCD Debt in a Subordinated Positions:** “They” will subordinate 100% of principal plus up to 100% of accrued interest of HCD debt as long as it is supported by the “as-is” market appraisal. Without this intact financing, the \$40,000 of rehabilitation is not possible.

The Rhyolite property is located within the Blythe Redevelopment Project Area and the improvements proposed are eligible expenditures of low- and moderate-income set-aside funds.

As previously indicated, the amount of assistance requested is \$500,000 or \$7,143 per door. Based on an assessed valuation approach (i.e. on which tax increment is generated) it would take almost 18 years for a return on the Agency investment. Historically, the Agency has participated on multi-family units at a maximum of \$4,000 per door, an amount established about 15 years ago. At \$4,000 a door, the Agency contribution would be \$280,000 with an expected return in approximately 10.5 years.

However, given the fact that multi-family units are restricted for a period of 55 years (10 more than single family) it seems appropriate that an extended return on investment period would be appropriate. As such, staff is herein recommending that the \$4,000 per door contribution be adjusted to a maximum \$5,000 per door, with an expected return on investment within 12.5 years on the Rhyolite Apartment project.

**FUNDING SOURCE:** Low- and Moderate-Income Set-aside Fund.

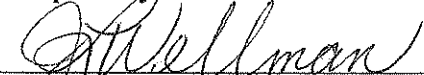
**STAFF RECOMMENDATION:** It is recommended that the Agency Board of Directors adopt Agency Resolution No. 2007-123 approving a grant to Highland Property Development (HPD) in the amount of \$350,000, subject to the following conditions:

- 1) HPD shall secure the balance of project funding and demonstrate they have secured that financing to the satisfaction of the City's Finance Director; and,
- 2) The \$350,000 grant award is valid for one (1) year after the date of its award. No extension of time will be considered unless the request is submitted in writing.

**ATTACHMENTS:**

A. HPD Letter of Request

Respectfully Submitted:



Jennifer Wellman, AICP  
Planning Director

Concurrence:



Les Nelson,  
City Manager

**RESOLUTION NO.: RA 2007-123**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
BLYTHE REDEVELOPMENT AGENCY CONTAINING FINDINGS  
IN SUPPORT OF APPROVING A \$350,000 GRANT FROM THE  
AGENCY'S LOW AND MODERATE INCOME SET-ASIDE FUND  
TO CORRECT, PRESERVE AND RESTORE THE RHYOLITE  
APARTMENTS TO HIGHLAND PROPERTY DEVELOPMENT**

**WHEREAS:** The Board of Directors of the Blythe Redevelopment Agency at its regularly scheduled meeting of October 9, 2007, considered a request from Highland Property Development for financial assistance to correct, preserve and restore the Rhyolite Apartments. The parcel for which assistance is requested is legally described as Assessors Parcel No. 845-030-008 and is located at 400 North Palm Drive.

**WHEREAS:** The Board of Directors received testimony from interested parties relative to the grant request; and

**WHEREAS:** The Board of Directors made the following findings relative to awarding the grant:

1. The parcel in question is located within the Blythe Redevelopment Area.
2. The apartments are deed restricted for rental by low- and/or moderate-income persons and/or families for a period of 55 years.
3. The facilities for which grant funds are requested are eligible expenses to the low- and moderate-income set aside fund in that they will assist in preservation and restoration of affordable rental housing within the community.
4. The award of funds is predicated on HPD securing, and demonstrating it has secured, the balance of funding necessary to complete the project.
5. The \$350,000 grant award is valid for one (1) year after the date of this authorizing Resolution. No extension of time will be considered unless the request is submitted in writing.

**NOW, THEREFORE, BE IT RESOLVED:** That the Blythe Redevelopment Agency Board of Directors does hereby approve a \$350,000 grant to Highland Property Development for rehabilitation of affordable rental units within the City of Blythe, as conditioned in this Resolution.

**PASSED, APPROVED, and ADOPTED** this 9<sup>th</sup> day of October, 2007, by the following called vote, to wit:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Robert A. Crain, Chairman

**ATTEST:**

\_\_\_\_\_  
Virginia Rivera, City Clerk  
(S E A L)



250 W. Colorado Blvd., Suite 210  
Arcadia, CA 91007  
Telephone, 626 294-9230  
Facsimile, 626 294-9270  
[www.highlandcompanies.com](http://www.highlandcompanies.com)

August 3, 2007

Mr. Les Nelson  
City Manager, City of Blythe  
235 N. Broadway  
Blythe, CA 92225

RE: Proposal for the Preservation and Rehabilitation of Rhyolite Apartments (400 N. Palm Drive)

Dear Mr. Nelson:

Highland Property Development LLC ("HPD") is interested in purchasing Rhyolite Apartments. As you may be aware, HPD has acquired over 17 rural low-income housing developments representing 925 housing units since 2003. Two of these properties, Sunset West Apartments and Sunrise Apartments totaling 100 units, are located in Blythe and are currently undergoing substantial renovation.

Currently Rhyolite Apartments is facing a potential default of its first mortgage holder, the California Housing Finance Authority. The property has a second mortgage from the California Department of Housing and Community Development ("HCD"). Due to prior poor management, the property has approximately 22 units that are unrentable and damaged. Additionally the property suffers from 35% vacancy. Due to these factors, crime has been a reoccurring problem not only at Rhyolite but has affected the adjacent Sunrise Apartments. Hyder and Company, took over management at Rhyolite Apartments in November 2006 and has been working with the Police Department on proactive community policing. We believe strong management along with a substantial rehabilitation will significantly benefit not only the residents but also the greater Blythe community as well.

#### THE PROPOSAL

HPD is seeking \$500,000 in support from the City of Blythe in order to correct, preserve and restore Rhyolite Apartments.

HPD will acquire the property at the "as-is" market value, as determined by an independent appraiser. Rhyolite will be rehabilitated and preserved utilizing low-income housing tax Credits ("LIHTC") and tax-exempt bond financing, while subordinating the existing HCD debt of \$2,255,706 in principal plus \$1,011,204 in accrued interest.

#### BENEFITS OF PROPOSAL

HPD believes the City of Blythe will receive the following benefits:

- 1) **Property Improvements:** Substantial rehabilitation in the amount of \$48,600 per unit, which is equal to HCD's current indebtedness to the property.
- 2) **Crime Reduction:** Security and property improvements will allow the property to fully lease up.
- 3) **New Owner without Foreclosure.** HPD will make payment at close to CAL-HFA: \$336,800 in principal plus \$52,300 in past due fees removing the first mortgage. This will allow for new financing and moving towards rehabilitation.
- 4) **Long Term Preservation:** Preservation of 70 units of affordable housing for 55 years.
- 5) **Retaining HCD Debt in a Subordinated position:** We will subordinate 100% of principal plus up to 100% of accrued interest of HCD debt as long as it is supported by the "as-is" market appraisal. Without this intact financing the \$40,000 of rehabilitation is not possible.

#### THE STRUCTURE

HPD plans to request an allocation of Private Activity Tax-Exempt Bonds from the California Debt Limitation Committee ("CDLAC") through the Joint Powers Authority of CSCDA of which the City of Blythe is a member. HPD will apply to CDLAC by October 5, 2007, anticipating an award by December 5, 2007.

HPD will apply to the California Tax Credit Allocation Committee ("CTCAC") 45 days prior to CTCAC's December monthly meeting.

#### THE FINANCING

HPD intends to apply for an allocation of tax-exempt bonds from the CDLAC in the amount of approximately \$4,400,000 of construction financing to be converted to \$2,780,000 in permanent financing under the RD 538 loan guarantee program ("RD 538") through Washington Mutual Bank. This application will be submitted in September 2007.

HPD will apply to HCD for a Transfer and Assumption of the existing subordinated mortgage of approximately \$3,266,910. HCD intends to keep the current requirement of 40% of the units at 50% area median income as defined by HUD with the remainder of the units at 60% of Area Median Income (AMI).

HPD is requesting \$500,000 in support from the City of Blythe for the acquisition and rehabilitation; however, we are confident that we can produce 48,600 per unit in hard rehabilitation costs to upgrade the property and reduce the 25 units that are currently vacant. Our underwriting assumes a long term 10% vacancy rate due to the lack of rental assistance from either HUD or USDA Rural Development.

HPD will receive an allocation of 4% Low-Income Housing Tax Credits ("LIHTC") in connection with the CDLAC application. Through selling a 99.98% Limited Partnership interest in the new acquiring entity, we will raise approximately \$2,630,000 in LIHTC equity. It is assumed that a subsidiary of Credit Suisse would be the syndicating entity. HPD closed its last two acquisitions with Credit Suisse, representing 5 properties and 250 units, including 2 properties located in the City of Blythe.

#### SOURCES OF FUNDING

| Sources and Uses         |                  | Rhyolite Apartments      |                  |
|--------------------------|------------------|--------------------------|------------------|
| Construction Period      |                  | Permanent Period         |                  |
| Sources                  |                  | Sources                  |                  |
| WaMu (USDA RD 538)       | 4,408,543        | WaMu (USDA RD 538)       | 2,782,115        |
| HCD Prop 84 Subordinated | 3,266,910        | HCD Prop 84 Subordinated | 3,266,910        |
| Tax Credit Equity        | 273,340          | Tax Credit Equity        | 2,733,404        |
| Deferred Developer Fee   | -                | Deferred Developer Fee   | 58,524           |
| <b>Total Sources</b>     | <b>7,948,794</b> | <b>Total Sources</b>     | <b>9,340,953</b> |

#### PROPOSED RENOVATIONS AND IMPROVEMENTS

HPD anticipates performing approximately \$48,600 per unit in rehabilitation to Rhyolite, with a total construction budget of \$3,458,000, including contractor profit, overhead, general requirements, contingency and insurance. The proposed Scope of Work, based on an included Capital Needs Assessment, is anticipated to correct the following:

- Bring 100% of units to rent-ready status
- Add a community building to better serve the residents and attract long term quality residents

- Remove and replace roofing with 30 year dimensional roofing.
- Repair, seal coat and re-strip asphalt parking lots.
- Concrete repairs where damaged and for accessibility.
- Confirm and make necessary repairs for site and unit accessibility.
- Landscape repairs and upgrades.
- Remove and replace kitchen and bathroom cabinets with upgraded oak cabinets and solid surface countertops.
- Appliances as needed.
- Bring railing and stairs to code.
- Install GFCI's in kitchens and check bathrooms.
- Replace windows with dual pane vinyl low-E glass windows.
- Front perimeter iron security fencing plus new fencing on south and east sides of property.
- HVAC replacement as needed.
- Carport repair
- Water heater replacement as needed.
- Addition of stackable washer and dryers in the units for marketability
- Addition of ceiling fans in townhouses for marketability
- Addition of microwave range hoods for marketability
- Addition of community exercise room for marketability
- Addition of additional property storage for marketability
- Addition of security cameras for common areas and perimeter lighting
- Improve management office for increased marketability.
- Repaint property

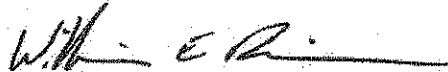
Additionally, HPD expects to provide approximately \$56,000 (\$800 per unit) in initial replacement reserves upon successful conversion to permanent financing.

#### CURRENT STATUS

HPD has engaged a market study and is prepared to engage Washington Mutual Bank to order an independent appraisal on its behalf. Additionally a Capital Needs Assessment is attached. We are seeking support from the City of Blythe in two areas: 1) approval of \$500,000 in funding and 2) a public hearing (TEFRA) in order for HPD to apply for tax-exempt bonds. It is anticipated the property will close prior to February 28, 2008, but no later than March 31, 2008, and renovation will be complete prior to year end 2008.

We look forward to working with you and the stakeholders of Rhyolite Apartments.

Sincerely,



William E. Rice  
Managing Member

Cc: Jennifer Wellman

Enclosures: CNA, 15 Year Proforma, Highland Brochure with Statement of Qualifications

**RESOLUTION NO.: RA 2007-123**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
BLYTHE REDEVELOPMENT AGENCY CONTAINING FINDINGS  
IN SUPPORT OF APPROVING A \$350,000 LOAN FROM THE  
AGENCY'S LOW AND MODERATE INCOME SET-ASIDE FUND  
TO CORRECT, PRESERVE AND RESTORE THE RIO COLORADO  
APARTMENTS AND TOWNHOMES LOCATED AT 400 NORTH  
PALM DRIVE**

**WHEREAS:** The Board of Directors of the Blythe Redevelopment Agency at its regularly scheduled meeting of December 11, 2007, considered a request from Highland Property Development for financial assistance to correct, preserve and restore the Rio Colorado Apartments and Townhomes (currently known as the Rhyolite Apartments) located at 400 North Palm Drive, in the City of Blythe. The parcel for which assistance is requested is legally described as Assessors Parcel No. 845-030-008.

**WHEREAS:** The Board of Directors received testimony from interested parties relative to the grant request; and

**WHEREAS:** The Board of Directors made the following findings relative to awarding the loan:

1. The parcel in question is located within the Blythe Redevelopment Project Area.
2. The apartments are deed restricted for rental by low- and/or moderate-income persons and/or families for a period of 55 years.
3. The facilities for which funds are requested are eligible expenses to the low- and moderate-income set aside fund in that they will assist in preservation and restoration of affordable rental housing within the community.
4. The award of funds is predicated on HPD securing, and demonstrating it has secured, the balance of funding necessary to complete the project.
5. The \$350,000 loan is valid for one (1) year after the date of this authorizing Resolution. No extension of time will be considered unless the request is submitted in writing.

**NOW, THEREFORE, BE IT RESOLVED:** That the Blythe Redevelopment Agency Board of Directors does hereby approve a loan in the amount of \$350,000 to Highland Property Development for rehabilitation of affordable rental units within the City of Blythe, as conditioned in this Resolution and subject to all terms and agreements as set forth in the Redevelopment Loan Agreement.

**PASSED, APPROVED, and ADOPTED** this 11<sup>th</sup> day of December, 2007, by the following called vote, to wit:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
Robert A. Crain, Chairman

**ATTEST:**

\_\_\_\_\_  
Virginia Rivera, City Clerk  
(S E A L)

## REDEVELOPMENT LOAN AGREEMENT

DRAFT

THIS REDEVELOPMENT LOAN AGREEMENT (the "Agreement") is made and entered into as of \_\_\_\_\_, 2007 by and between HIGHLAND PROPERTY DEVELOPMENT, LLC, a \_\_\_\_\_ limited liability company ("Owner"), and the REDEVELOPMENT AGENCY OF THE CITY OF BLYTHE, a public body, corporate and politic ("Agency").

### 1. Subject of Agreement.

1.1 Purpose of Agreement. The purpose of this Agreement is to improve and preserve the community's supply of low- and moderate- income housing available at affordable housing costs.

1.2 The Property. The "Property" consists of the land and buildings located at 400 N. Palm Drive, Blythe, California, and legally described more particularly on Exhibit "A" attached hereto and incorporated herein by this reference. The Owner is currently under contract to purchase the Property.

### 1.3 Parties to the Agreement.

1.3.1 The Agency. The Agency is a public body, corporate and politic, exercising governmental functions and powers and organized and existing under the Community Redevelopment Law of the State of California. The principal office of the Agency for purposes of this Agreement is 235 N. Broadway, Blythe, California 92225, or such other address as Agency may designate from time to time in writing to Owner. "Agency," as used in this Agreement, includes the Redevelopment Agency of the City of Blythe, and any assignee of or successor to its rights, powers and responsibilities.

1.3.2 Owner. The Owner is a \_\_\_\_\_ limited liability company, validly existing and organized under the laws of the State of \_\_\_\_\_, and qualified to do business in California. Owner is acquiring the Property for the purpose of rehabilitating and operating it as 70 residential units for households of low income and moderate income, as described more particularly in Article 3 below. The principal office of Owner for purposes of this Agreement is 250 W. Colorado Blvd., Suite 210, Arcadia, California 91007, or such other address as Owner may designate in writing to Agency from time to time.

1.4 Project Description: The Property consists of \_\_\_\_ [multi-family] or \_\_\_\_ [single family] residential structures at 400 N. Palm Drive, Blythe, California. Owner is acquiring the Property and will rehabilitate and operate it for affordable rental housing described in Article 3 below (the "Project").

1.4.1 Approximately \$4,400,000 in funds from tax exempt bonds (the "Bonds") issued by the California Statewide Communities Development Authority (the "Issuer"): The Bonds shall be issued pursuant to a bond indenture and certain other documentation duly executed among Owner, its trustee, \_\_\_\_\_ and other parties (collectively, the "Bond Documents"). The Issuer will fund a loan (the "Bond Loan") to

the Owner with the proceeds of the Bonds for the purpose of acquiring, rehabilitating and operating the Project.

1.4.2 A loan from the Agency as provided in this Agreement (the "Agency Loan") in an original principal amount of \$350,000, secured by a deed of trust encumbering the Property. Herein, the funds to be disbursed pursuant to the Agency Loan shall be referred to as the "Agency Funds."

## 2. Agency Loan.

2.1 Documentation. The Agency agrees to lend to Owner the sum of Three Hundred Fifty Thousand and No/one-hundredths Dollars (\$350,000.00) (the "Agency Loan"). The Agency Loan shall be evidenced by a promissory note (the "Agency Note") and secured by a deed of trust (the "Agency D/T") encumbering the Property, the forms of which are attached hereto and incorporated by reference as Exhibit "B" and Exhibit "C", respectively. The Agency D/T and the obligations in the Agency Note shall be subordinated in all respects to the Bonds, the Bond Loan and all instruments securing the Bonds and the Bond Loan.

2.2 Interest and Terms. The Agency Loan shall bear no interest except in the case of a Default (as defined in Section 16, below), in which case interest shall accrue at the rate of 6½% per annum. Principal and interest on the Agency Loan shall be due and payable during the term of this Agreement on a "residual receipts" basis as described more particularly in the Agency Note. All remaining principal and interest accruing on the Agency Loan shall be payable on the earlier of (i) the 17<sup>th</sup> anniversary of the first disbursement of proceeds of the Agency Loan, or (ii) the occurrence of a Default under this Agreement, the Agency Note, the Agency D/T or the Covenant described in Section 3.2 below (the "Maturity Date").

2.3 Use of Agency Funds. The Agency Funds shall be used exclusively to fund acquisition and rehabilitation of the Property.

## 3. Affordable Housing Obligation.

3.1 Source of Funds. The parties acknowledge that the funding source of the Agency Loan is the housing fund established under Section 33334.2 of the California Health and Safety Code ("Low/Moderate Income Housing Fund"). In addition, the Agency wishes to designate the units in the Project as long-term affordable units pursuant to Section 33413. of the Health and Safety Code ("Inclusionary Units").

3.2 Affordability Covenant. In order to comply with the statutory requirements on the use of funds in the Low/Moderate Income Housing Fund, and for the designation of Inclusionary Units, Owner agrees to execute the Agreement Containing Covenants Affecting Real Property in substantially the form attached hereto as Exhibit D (the "Covenant"). The Covenant shall be recorded by the Agency against the Property prior to the disbursement of Agency Loan proceeds hereunder. Owner hereby consents to such recordation of the Covenant. The Agency agrees, to the extent required by the Bond Loan, to subordinate the Covenant to the Bond Loan and all instruments securing the Bond Loan.

4. Disbursement of Agency Funds.

4.1 Conditions to Disbursement of the Agency Funds. The Agency shall not have any obligation to advance the Agency Funds nor to take any other action under this Agreement, the Agency Note nor the Agency D/T unless all of the conditions precedent set forth below are satisfied at the time of such action. The Agency's Executive Director shall have the authority to waive any condition of disbursement set forth herein, however any waiver must be expressly made in writing. The decision to waive any condition of disbursement shall be in the sole discretion of the Agency's Executive Director, and the decision to waive any requirement may be conditioned upon its satisfaction at a later date and/or upon the substitution of another condition. The disbursement of the Agency Funds prior to fulfillment of one or more of the foregoing conditions shall not be construed as a waiver of such conditions, and the Agency reserves the right to require their fulfillment prior to making any subsequent disbursements. The conditions precedent are as follows:

4.1.1 Owner shall have executed and delivered to the Agency the Agency Note, the Agency D/T and the Covenant.

4.1.2 The Agency D/T shall have been recorded in the Official Records of Riverside County.

4.1.3 If required by Agency, Owner shall have delivered to the Agency an ALTA Lender's Extended Coverage Policy of Title Insurance, and satisfactory to the Agency, in the Agency's reasonable discretion, or a commitment for same, with coverage equal to the principal amount of the Bonds and the Agency Loan, insuring the Agency that the Property is vested in Owner, and that the Agency D/T is a lien or charge against the Property which shall be subject only to those liens, encumbrances, covenants, conditions, restrictions and other exceptions of record approved by the Agency. The title policy shall be issued by \_\_\_\_\_ Title Company (the "Title Company"). Moreover, prior to delivery of the Agency Funds, all real property taxes (with the exception of those not yet due and payable) shall be current and there shall not be any existing delinquency in payment of real property taxes.

4.1.4 Owner shall have provided to the Agency certificates of insurance (or copies of the insurance policies) as set forth in Section 15.1 hereof.

4.1.5 Owner shall not otherwise have committed a Default (as defined in Section 16.1) hereunder and there shall exist no event, omission or failure of condition which, but for the giving of notice and/or the lapse of time, would constitute a Default.

4.1.6 The Agency shall have received Owner's financing commitments evidencing Owner's ability to complete the rehabilitation of the Property, together with financial statements, supporting schedules and such other unaudited and audited financial data as the Agency may reasonably require with respect to the Project, the Property and the financial condition of Owner, in form and content reasonably satisfactory to the Agency.

4.1.7 The Agency shall have received an affidavit of Owner stating that there is no litigation pending or, to the best of Owner's actual knowledge, threatened against Owner which would materially interfere with or adversely affect the financial condition of Owner.

4.1.8 Owner shall have delivered to the Agency such other documents and instruments as the Agency shall reasonably require.

4.1.9 No default under the Bond Documents or any other agreement between the Owner and the Agency or the City of Blythe (the "City") shall have occurred, and no event shall have occurred which, with the giving of notice or passage of time, or both, would constitute such a default.

4.2 All the conditions set forth in Section 4.1 shall have been satisfied on or before one (1) year from the date of the Agreement, or this Agreement shall automatically terminate and neither the Agency nor the Owner shall have any further obligations hereunder.

4.3 This Agreement, together with the Agency Note, the Agency D/T, and the Covenant, and any other documents executed pursuant to this Agreement, are collectively referred to herein as the "Agency Loan Documents."

5. Disbursement of Agency Funds. Upon satisfaction or waiver of the conditions in Section 4 above, the Agency Funds shall be disbursed in one disbursement directly to the escrow account for the closing of Owner's acquisition of the Property.

6. Agency Cooperation with Borrower Financing. The Agency shall cooperate reasonably with Borrower in obtaining its other financing, including but not limited to those funding sources identified in Section 1.4, above.

7. Relationship of Agency and Owner as Creditor and Debtor Only. The Agency and the Owner intend that the relationship between them shall be solely that of creditor and debtor. Nothing contained in this Agreement or in any other document or instrument made in connection with this Agreement shall be deemed or construed to create a partnership, tenancy in common, joint tenancy, joint venture or co-ownership by or between the Agency and the Owner. The Agency shall not be in any way responsible or liable for the debts, losses, obligations or duties of the Owner with respect to the Property or otherwise.

8. Use of the Property; Operation of the Project.

8.1 Owner covenants and agrees for itself, its successors, assigns and every successor in interest to the Property or any portion thereof, that during rehabilitation of the Project and thereafter, the Owner and its successors and assignees shall:

8.1.1 Diligently pursue the timely rehabilitation of the Property;

8.1.2 Devote the Property only for use as the Project and in conformance with City zoning requirements, this Agreement, the Agency Note, the Agency D/T and the Covenant.

8.1.3 Not discriminate on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, including but not limited to race, color, ancestry, national origin, age, sex, sexual orientation, marital status, religion, creed, or disability origin, in

the sale, lease or rental or in the use or occupancy of the Project. All subsequent deeds, leases or contracts shall contain the nondiscrimination or nonsegregation clauses contained in Section 10.1 of this Agreement. This covenant shall run with the land and remain in perpetuity.

8.1.4 The Owner's covenants to comply with the above standards and to ensure nondiscrimination and nonsegregation in the use of the Property shall be included in the Covenant.

8.1.5 Owner shall operate the Project at all times in accordance with the Loan Documents and the Bond Documents.

9. Maintenance.

9.1 Owner agrees to maintain in good condition, and to the reasonable satisfaction of the Agency, the Property and the improvements thereon. Maintenance shall be in conformance and in compliance with City's normal maintenance standards, as defined by City's codes relating to property maintenance and the Covenant.

9.2 Owner's execution of this Agreement shall constitute an irrevocable license to the Agency (or its designee) of full and complete access to the Property with reasonable prior notice to Owner by the Agency to perform such maintenance in the event of the failure of Owner to timely perform such maintenance.

9.3 Owner shall reimburse the Agency for its reasonable costs incurred by the Agency in maintenance of the Property or the Improvements pursuant to this Section 9.

10. Nondiscrimination.

10.1 Obligation to Refrain from Discrimination. The Owner shall not restrict the rental, sale or lease of the Property or any portion thereof on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall the Owner himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land. The covenants contained in this Section 10.1 shall remain in effect in perpetuity.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

10.2 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases and contracts relating to the sale, transfer or leasing of the Property or any interest therein shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

10.2.1 In deeds:

"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

"Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

10.2.2 In leases:

"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

10.2.3 In contracts:

“The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

11. Restriction on Transfer and Assignment. Owner acknowledges that its identity is of particular importance to the Agency, and that the Agency Loan is being made in consideration of Owner's particular credentials, creditworthiness, experience and expertise. Accordingly, for a period commencing with the date hereof and ending with the repayment of the Agency Loan, Owner shall not assign its rights or obligations hereunder, nor sell, convey or otherwise transfer the Property (each, a "Transfer") without the Agency's prior written consent, which consent may be granted or withheld in the Agency's reasonable discretion. Any attempted Transfer in violation hereof shall be ineffective and void and shall constitute a default and breach of this Agreement by Owner, and shall terminate any further obligations of the Agency hereunder. Notwithstanding the foregoing, Owner may transfer the Property to an Affiliate. For purposes hereof, an "Affiliate" is a corporation or other legal entity in which Owner owns or controls at least 50% of the economic and/or 50% of the voting interests therein.

12. Compliance With Law. Owner shall comply with all local, State and Federal laws relating to the use of, or condition of, the Project and Property. Owner shall cause the Project to be rehabilitated in full compliance with all applicable provisions of State, Federal and local laws, including, prevailing wage laws and public bidding requirements, and all rules and regulations promulgated pursuant thereto. The parties acknowledge that Owner's receipt of the Agency Funds alone will not cause the Owner of the Project to be subject to prevailing wage requirements due to the provisions of Cal. Labor Code Section 1720 (c) (4).

13. Modification. This Agreement may be modified only by subsequent mutual written amendment executed by Owner and the Agency.

14. Indemnification. Owner shall indemnify, defend and hold the Agency and the City and their officers, agents, employees and attorneys harmless from all claims, damages or liability, including all reasonable attorneys' fees and other costs incurred in defending any claims, arising out of or in connection with the activities performed under this Agreement and any activities occurring in, on or about the Property including, but not limited to, the rehabilitation and maintenance of the Project. Such indemnity shall extend, but not be limited, to claims, damages and liability arising from personal injuries, death or real or personal property damages, provided that the obligation to indemnify shall not extend to claims, damages or liability arising solely from the willful misconduct of the City, the Agency or any of their officers or employees.

15. Insurance.

15.1 The Owner shall take out and maintain, at no cost or expense to the Agency, with a reputable and financially responsible insurance company that is admitted to do business in the State of California with a minimum A.M. Best's rating of A:VII, comprehensive broad form general commercial liability insurance, insuring Owner against claims and liabilities for personal injury, death, or property damage arising from the use, condition or maintenance of the Improvements thereon, which insurance shall provide combined single limit protection, including contractual liability, in an amount at least equal to \$1,000,000 per occurrence. Such insurance shall name the Agency, the City, and their respective councilmembers, boardmembers, officers, employees, attorneys, and consultants (collectively "Representatives") as additional insureds.

15.2 Owner shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that Owner carries workers' compensation insurance to the extent required by law.

15.3 Owner shall take out and maintain property insurance in accordance with the requirements of the Agency D/T.

15.4 With respect to each policy of insurance required above, Owner shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on the insurance carrier's form setting forth the general provisions of the insurance coverage and endorsements naming the Agency, the City and their respective Representatives as additional insureds under those policies.

15.5 All such policies required by this paragraph shall be nonassessable and shall contain language to the effect that (i) the policies are primary and noncontributing with any insurance that may be carried by the Agency, (ii) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to the Agency, and (iii) neither the Agency nor the City shall be liable for any premiums or assessments. The general liability insurance shall have a maximum deductible of fifteen thousand dollars (\$15,000). All such policies should have cross liability endorsements.

15.6 For any contractor or subcontractor employed to perform any portion of renovation upon the Property, Owner shall have the obligation to ensure each and every contractor and subcontractor maintains minimum limits of insurance for general liability and workers' compensation as specified in this Section 15.

16. Defaults, Remedies and Waiver.

16.1 The occurrence of any of the following shall constitute default hereunder ("Default"):

16.1.1 Owner's failure to perform or any delay in performing any of Owner's obligations under this Agreement, the Bond Documents, the Covenant, the Agency Note or the Agency D/T (including but not limited to any obligation to make monetary payments) following notice and after an opportunity to cure as provided therein, or, if no cure period is specified, then within thirty (30) days after Agency gives Owner notice of the failure. If such cure by its nature cannot be effectuated within such thirty (30) day period, Owner shall diligently and continuously prosecute such cure, correction or remedy until completion thereof, but in no event for a period longer than one hundred twenty (120) days; or

16.1.2 Any actual default or breach by Owner under any superior or inferior instrument or loan document encumbering the Property following notice and after an opportunity to cure as provided therein, including any other obligation of Owner to the Agency, or under any other lender whose loan is secured by a lien encumbering the Property; or

16.1.3 Any representation or warranty in any Agency Loan Document proves to have been incorrect in any material respect when made and which has a material adverse affect on the Agency's security; or

16.1.4 Owner is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Owner applies or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Owner and the appointment continues undischarged or unstayed for sixty (60) days; or Owner institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, dissolution, custodianship, conservatorship, liquidation, or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Owner and continues undismissed or unstayed for sixty (60) days.

16.2 Upon Default by Owner, the Agency may terminate this Agreement and exercise any rights or remedies it may have at law or in equity, including without limitation declaring the Agency Loan plus interest thereon immediately due and payable and foreclosing the Agency D/T, either judicially or non-judicially.

16.3 The waiver by the Agency of the performance of any covenant, condition or promise shall not invalidate this Agreement nor shall it be considered a waiver by the Agency of any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the Agency may have in law or equity. The failure of the Agency to give notice of an event that after notice and passage of time would constitute a Default shall not be deemed to be a waiver of the performance of any covenant, condition or promise.

17. Representations and Warranties.

17.1 Owner makes the following representations and warranties as of the date of this Agreement and agrees that such representations and warranties shall survive the execution and delivery of this Agreement:

17.1.1 (i) Owner has complied with all laws and regulations concerning its organization, existence and transaction of business; (ii) Owner has the right and power to own and operate the Project; (iii) Owner has, or at all appropriate times shall have, properly obtained all permits, licenses and approvals necessary for the construction of the Improvements on the Property and the operation of the Project and in so doing has, or shall have (as appropriate), complied with all applicable statutes, laws, regulations and ordinances.

17.1.2 Owner has full right, power and authority to execute and deliver the Agency Loan Documents and to perform the undertakings of Owner contained in the Agency Loan Documents. The Agency Loan Documents constitute valid and binding obligations of Owner that are legally enforceable in accordance with their terms.

17.1.3 None of the undertakings of Owner contained in the Agency Loan Documents violates any applicable statute, law, regulation or ordinance or any order or ruling of any court or governmental entity, or conflicts with, or constitutes a breach or default under, any agreement by which Owner, the Property, or the Project, is bound or regulated.

17.1.4 To the best of Owner's knowledge: (i) all financial information delivered to the Agency, including, without limit, information relating to Owner, the Property, or the Project, fairly and accurately represents such financial condition and has been prepared in accordance with generally accepted accounting principles consistently applied, unless otherwise noted in such information; and (ii) no material adverse change in such financial condition has occurred.

17.1.5 (i) Owner is not in violation of any statute, law, regulation or ordinance, or of any order of any court or governmental entity; and (ii) to the best of Owner's knowledge, Owner has no knowledge of any claims, actions, litigation or proceedings pending or threatened against Owner or materially affecting the Property or the Project.

17.1.6 To the best of Owner's knowledge, all documents, reports, instruments, papers, data, information and forms of evidence delivered to the Agency with respect to the Agency Loan are accurate and correct, are complete insofar as completeness may be necessary to give the Agency true and accurate knowledge of the subject matter thereof, and do not contain any misrepresentation or omission. The Agency may rely on such reports, documents, instruments, papers, data, information and forms of evidence without any investigation or inquiry.

17.1.7 Owner has filed all federal and state tax returns required to have been filed by Owner, and has paid all taxes which have become due pursuant to such returns or to any notice of assessment received by Owner, and Owner has no knowledge of any basis for additional assessment with respect to such taxes. Notwithstanding the foregoing, nothing contained herein shall be construed as a waiver by Owner of any right to appeal property tax assessments.

## 18. General Provisions.

18.1 Notices, Demands and Communications Among the Parties. Written notices, demands and communications among the Agency and the Owner shall be sufficiently given by personal service or dispatched by first class mail, postage prepaid, return receipt requested, to the addresses below. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 18.1. Notwithstanding anything to the contrary contained herein, notice personally served shall be presumed to have been received as of the date of such service, and notices sent via mail as provided herein shall be presumed to have been received on the second business day after deposit of same in the mail.

If to Agency:               Redevelopment Agency of the City of Blythe  
235 N. Broadway  
Blythe, California 92225  
Attn: City Manager

If to Owner:                Highland Property Development, LLC  
250 W. Colorado Blvd., Suite 210  
Arcadia, California 91007  
Attn: William E. Rice

18.1.1 Conflicts of Interest. The Owner warrants that it has not paid or given and will not pay or give any officer, employee or agent of the City or the Agency any money or other consideration for obtaining this Agreement.

18.1.2 Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose.

18.1.3 Severability. Invalidity of any of the covenants, conditions, restrictions, or other provisions contained herein by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, and the same shall remain in full force and effect.

18.1.4 Headings. The headings to the various Articles and Sections of this Agreement have been inserted for convenient reference only and shall not to any extent have the effect of modifying, amending or changing the expressed terms and provisions of this Agreement.

18.1.5 Non-Liability of Officials and Employees of the Agency. No member, official, agent, attorney, or employee of the Agency or the City shall personally be liable to the Owner or any successor in interest of the Owner pursuant to the provisions of this Agreement, nor for any default or breach by the Agency.

18.1.6 Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

18.1.7 Time of Essence. Time is of the essence in the performance hereof.

18.1.8 Waivers. All waivers hereunder shall be in writing and signed by the party entitled to the benefit of the performance of the covenant or satisfaction of the condition being waived. No failure of any party to exercise any right hereunder shall constitute a waiver of such right.

18.1.9 Counterparts. This Agreement may be executed in counterparts, each of which is deemed to be an original.

18.1.10 Integration. This Agreement together with all exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

18.1.11 Amendments. All amendments hereto must be in writing executed by the appropriate authorities of the Agency and the Owner.

18.1.12 Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

18.1.13 Subordination. This Agency Loan is subordinate in nature to the Bond Documents described herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

*[Signatures begin on the next page.]*

**Owner:**

HIGHLAND PROPERTY DEVELOPMENT, LLC  
a \_\_\_\_\_ limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Agency:**

REDEVELOPMENT AGENCY OF THE CITY OF BLYTHE,  
a public body, corporate and politic

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

Approval as to form:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Agency Counsel

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

**EXHIBIT "B"**

**FORM OF AGENCY NOTE  
HIGHLAND PROPERTY DEVELOPMENT, LLC**

\$350,000

\_\_\_\_\_, 2007  
BLYTHE, CALIFORNIA

FOR VALUE RECEIVED, HIGHLAND PROPERTY DEVELOPMENT, LLC, a \_\_\_\_\_ limited liability company (the "Maker") promises to pay to the REDEVELOPMENT AGENCY OF THE CITY OF BLYTHE (the "Agency"), or order, the principal sum of THREE HUNDRED FIFTY THOUSAND DOLLARS (\$350,000) (the "Loan"). The Loan shall bear no interest except in the case of a default (as defined below), in which case it shall bear interest at the rate of six and one-half percent (6½%) per annum.

1. The Loan is made pursuant to that certain Redevelopment Loan Agreement between Maker and Agency of even date herewith and pursuant to that certain Covenant among Maker and Agency also of even date herewith. All capitalized terms used herein and not defined when first used shall have the meaning ascribed to them in the Redevelopment Loan Agreement. The Loan will be used by Maker for the purchase and rehabilitation of certain real property as described in the Loan Agreement (the "Project") and pursuant to the terms and conditions contained therein and to those contained in the Covenant.

2. Payment of this Note will be secured by a deed of trust, assignment of rents, security agreement and fixture filing (the "Deed of Trust") from Maker to Agency to be recorded against the Project.

3. This Note shall be due and payable as follows:

Beginning with Maker's fiscal year following the first year of operations of the Project after completion of rehabilitation of the Project, Maker shall make semi-annual payments of interest (if any) and principal to the Agency only from "Residual Receipts," defined below, from Maker's preceding fiscal year. Payments shall be due each March 1 and September 1. Payment shall consist of twenty-five percent (25%) of the Residual Receipts and shall be made within one hundred eighty (180) days of the end of each fiscal year of Maker. Payments shall be applied first to interest on the Loan (if any) and then to reduce principal. The entire remaining amount of principal and interest (if any) shall be due on the seventeenth (17<sup>th</sup>) anniversary of the date of the first disbursement of the Loan funds.

For the purposes herein, "Residual Receipts" means the difference, if positive, between all income received by Maker with respect to the Project (including, without limitation, rents, grants, reimbursements, contributions, gifts, or payments for services delivered at the Project) and all operating expenses of the Project (including, without limitation, maintenance, repairs, payment of staff salaries and Project

management fees in accordance with the limitations in Section 8.2 of the Agreement, debt services and taxes, all fees for the Project, including a developer fee not to exceed to the maximum permitted by the California Tax Credit Allocation Committee in the aggregate for the life of the Project, and all payments and fees due under the Bond Documents).

Beginning with the first year of operations of the Project after completion of the rehabilitation, Maker shall deliver to Agency each year an annual audited financial statement to determine the amount of Residual Receipts. Agency shall have the right upon reasonable notice to Maker to inspect and audit Maker's books and records concerning the calculation of Residual Receipts. All of the foregoing shall be in accordance with and subject to the Bond Documents.

4. Payment shall be made in lawful money of the United States to the Agency at 235 N. Broadway, Blythe, California 92225. The place of payment may be changed from time to time as the Agency may from time to time designate in writing.

5. Maker shall have the right to prepay this Note in whole or in part without penalty or premium.

6. The occurrence of any of the following shall constitute an event of default under this Note: (i) Maker fails to pay any amount due hereunder within ten (10) days of its due date; (ii) any default by Maker under the Deed of Trust, the Covenant or the Loan Agreement after any applicable cure period; or (iii) any sale, exchange, transfer, assignment or other conveyance of the Project without Agency's prior written approval.

Upon the occurrence of any event of default, or at any time thereafter, at the option of the Agency hereof, the entire unpaid principal owing on this Note shall become immediately due and payable. In such event, interest shall accrue on the entire unpaid amount then owing commencing from the date such amount was due and continuing until the date such amounts are paid in full. This option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of such option with respect to any subsequent event. Agency's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof.

7. Agency shall not exercise any right or remedy provided for herein because of any default of Maker unless, in the event of a monetary default, Maker shall have failed to pay the outstanding sums within a period of thirty (30) calendar days after notice that payment was due; or in the event of a nonmonetary default, Agency shall have first given written notice thereof to Maker and Maker shall have failed to cure the nonmonetary default within a period of thirty (30) days after the giving of such notice of such default; provided that if the nonmonetary default cannot be cured within thirty (30) days and Maker proceeds diligently with effort to cure such default until it shall be fully cured within no more than one hundred twenty (120) days after the giving of such notice, Agency shall not exercise any right or remedy provided for herein until such one hundred twenty (120) shall expire; provided, however, Agency shall not be required to give any

such notice or allow any part of the grace period if Maker shall have filed a petition in bankruptcy or for reorganization or a bill in equity or otherwise initiated proceedings for the appointment of a receiver of its assets, or if Maker shall have made an assignment for the benefit of creditors, or if a receiver or trustee is appointed for Maker and such appointment or such receivership is not terminated within forty-five (45) days.

8. Maker and any endorsers hereof, if any, and all others who may become liable for all or any part of this obligation, if any, severally waive presentment for payment, demand and protest and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

9. Maker agrees to pay immediately upon demand all costs and expenses of Agency including reasonable attorneys' fees, (i) if after default this Note be placed in the hands of an attorney or attorneys for collection, (ii) if after a default hereunder or under the Deed of Trust, the Covenant, or the Loan Agreement, Agency finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor, if any, or any other party liable therefor, if any, or to the protection of its rights under this Note, the Deed of Trust, the Covenant, the Loan Agreement, or other loan document, or (iii) if Agency seeks to have the Project abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of the Deed of Trust or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

10. If Agency shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental agency, affecting the Project or the title thereto or the interest of the Agency under the Deed of Trust, including without limitation, any form of condemnation or eminent domain proceeding, Agency shall be reimbursed by Maker immediately upon demand for all costs, charges, and attorneys' fees incurred by Agency in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Project.

11. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the addresses set forth in the Loan Agreement or at such address as either party may designate by written notice.

12. This Note shall be binding upon Maker, its successors and assigns. This Note may not be assigned by Maker without the prior written approval of Agency.

13. This Note is nonrecourse and neither Maker nor any member, officer, agent, director, affiliate, parent, partner or employee of Maker shall have any personal liability for repayment of the sums evidenced hereby, and the Agency must resort only to the Project for repayment should the Maker fail to repay the sums evidenced hereby. Regardless of the foregoing limitation of liability, Maker will be fully liable for the following:

a. Failure to pay property taxes, assessments and any other charges that could result in liens against any portion of the Project or any other collateral pledged, encumbered or otherwise covered by the Deed of Trust;

b. Failure to pay and discharge any mechanics' liens, materialmen's liens or other liens against any portion of the Project or any other collateral pledged, encumbered, or otherwise covered by the Deed of Trust;

c. Fraud or intentional misrepresentation with respect to any representation, warranty or certification made in the Agency Loan Documents, or otherwise made by Maker in connection with the Agency Loan;

d. Retention by Maker of any rental income or other income arising with respect to any portion of the Project or any other collateral pledged, encumbered, or otherwise covered by the Deed of Trust subsequent to the date of any notice of default to Maker;

e. Retention by Maker of any insurance proceeds, condemnation awards, or other similar funds or payments attributable to the Project or any other collateral pledged, encumbered, or otherwise covered by the Deed of Trust that, by its terms, should have been paid to Agency or used in a manner contrary to the use made by Maker;

f. Waste of the Project, or any failure to maintain, repair, or restore any portion of the Project or any other collateral pledged, encumbered, or otherwise covered by the Deed of Trust in accordance with its terms.

14. This Note shall be construed in accordance with and be governed by the laws of the State of California.

15. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

16. The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by a [Multifamily Note], dated as of \_\_\_\_\_, in the original principal amount of \$\_\_\_\_\_, executed by the Borrower and payable to the Issuer, as assigned to the Trustee, to the extent and in the manner provided in that certain [Subordination and Intercreditor Agreement], dated as of \_\_\_\_\_, among the Issuer, the Trustee and the Borrower (the "Subordination Agreement"). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of this Note, to have agreed to perform and observe all

of the terms, covenants and conditions to be performed or observed by the "Junior Lender" under the Subordination Agreement.

MAKER:

HIGHLAND PROPERTY DEVELOPMENT, LLC  
a \_\_\_\_\_ limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT "C"

FORM OF  
DEED OF TRUST

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
Redevelopment Agency of the City of Blythe  
235 N. Broadway  
Blythe, California 92225  
Attn: City Manager

Exempt from recording fees pursuant to Gov. Code Sec. 6103

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

A.P.N. \_\_\_\_\_

THIS DEED OF TRUST (this "Deed of Trust") is made as of \_\_\_\_\_, 200\_\_, between HIGHLAND PROPERTY DEVELOPMENT, LLC, a \_\_\_\_\_ limited liability company ("Trustor"), \_\_\_\_\_ as "Trustee," and the REDEVELOPMENT AGENCY OF THE CITY OF BLYTHE, a public body, corporate and politic ("Beneficiary.") Trustor is the fee owner of the Property described below.

This Deed of Trust witnesseth:

That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that certain real property in Riverside County, California, described as:

See Exhibit A, attached hereto and incorporated herein by this reference.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits; and together with all buildings and improvements of every kind and description now or hereafter erected or placed thereon, and all fixtures, including but not limited to all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, laundry equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bath tubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating fixtures, mantels, cabinets, refrigerating plant and refrigerators, whether mechanical or otherwise, cooking apparatus and appurtenances, and all shades, awnings, screens, blinds and other furnishings, it being hereby agreed that all such fixtures and furnishings shall to the extent permitted by law be deemed to be permanently affixed to and a part of the realty; and

Together with all building materials and equipment now or hereafter delivered to the premises and intended to be installed therein; and

Together with all articles of personal property owned by the Trustor now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including all other goods and chattels and personal property as are ever used or furnished in operating a building, or the activities conducted therein, similar to the one herein described and referred to, and all renewals or replacements thereof or articles in substitution therefor, whether or not the same are, or shall be attached to the building or buildings in any manner. All of the foregoing, together with the real property, is herein referred to as the "Property."

To have and to hold the Property, together with appurtenances to the Trustee, its or its successors and assigns forever.

For the Purpose of Securing:

- (1) Performance of each agreement of Trustor herein contained.
- (2) Payment of the indebtedness evidenced by that certain promissory note (the "Note") of even date herewith, and any extension or renewal thereof, in the stated principal sum of \$350,000.00, executed by Trustor in favor of Beneficiary or order.
- (3) Payment of such further sums as the then record owner of the Property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.
- (4) Performance by Trustor of all of Trustor's obligations arising under that certain Agreement Containing Covenants Affecting Real Property (the "Agreement Containing Covenants") dated and recorded concurrently herewith between Trustor and Beneficiary.
- (5) Performance of each obligation of Trustor set forth in that certain Redevelopment Loan Agreement (the "Agreement") dated as of \_\_\_\_\_, 200\_\_ entered into by and between Trustor and Beneficiary. In accordance with the Agreement, the Trustor and Beneficiary agree that the lien of this Deed of Trust shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the "Extended Use Agreement") recorded against the Property as part of the Bond Documents (as defined in the Agreement), provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Deed of Trust or transfer of the Property by instrument in lieu of foreclosure. Notwithstanding the foregoing, this Instrument shall be subject to the requirements of Section 42(h)(6)(E)(ii) of the Internal Revenue Code regarding existing tenants.

To Protect the Security of This Deed of Trust, Trustor Agrees:

(1) That it shall faithfully perform each and every covenant contained in the Note, Agreement Containing Covenants, and the Agreement.

(2) That it will not permit or suffer the use of any of the Property for any purpose other than the use described in the Agreement Containing Covenants and the Agreement as they may be amended from time to time.

(3) To keep the Property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property, or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general.

(4) To provide, maintain and deliver to Beneficiary fire and extended coverage insurance with endorsements for vandalism, malicious mischief, and special extended perils, in the full replacement value of the improvements (excluding footings and foundations with no co-insurance penalty provision), and with endorsements for increases in costs due to changes in code and inflation, and any other insurance requested by Beneficiary, and with loss payable to Beneficiary, and any other insurance required by the Agreement. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary shall have the right to pay any insurance premiums when due should Trustor fail to make them, and all such payments made by the Beneficiary shall be added to the principal sum secured hereby. Beneficiary shall release all insurance or condemnation proceeds to Trustor to be used to reconstruct the Project on the Property provided that such Beneficiary determines that such restoration, repair or rebuilding is economically feasible.

(5) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed of Trust.

(6) To pay: at least ten (10) calendar days before delinquency all taxes and assessments affecting the Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on the Property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

(7) Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes with written notice to Trustor; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay its reasonable fees.

(8) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time the statement is made.

(9) The Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the Property any lien or liens except as authorized by Beneficiary and further that it will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on the Property, or will cause the release of or will provide a bond against any such liens within ten (10) days of Trustor's receipt of notice of the lien or liens.

(10) That any award of damages in connection with any condemnation for public use of or injury to the Property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys it receives in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(11) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(12) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(13) That upon written request of Beneficiary stating that all sums secured hereby have been paid or forgiven by Beneficiary, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment of its fees,

Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(14) That Trustor hereby absolutely and unconditionally assigns and transfers to Beneficiary all the rents, income and profits of the Property encumbered hereby, and hereby give to and confer upon Beneficiary the right, power and authority to collect such rent, income, and profits, and Trustor irrevocably appoints Beneficiary Trustor's true and lawful attorney at the option of Beneficiary, at any time, to give receipts, releases and satisfactions and to sue, either in the name of Trustor or in the name of Beneficiary, for all income, and apply the same to the indebtedness secured hereby; provided, however, so long as no default by Trustor in the payment of any indebtedness secured hereby shall exist and be continuing, Trustor shall have the right to collect all rent, income and profits from the Property and to retain, use and enjoy the same. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(15) That upon default by Trustor in payment of any indebtedness secured hereby, or in performance of any agreement hereunder, and after compliance with the notice and cure requirements of Section 16 of the Agreement, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and election to cause to be sold the Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby. After the lapse of such time as may then be required by law following the recordation of the notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at the sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(16) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title estate, rights, powers and duties. The instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

(17) That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(18) That Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any Deed of Trust or of any action or proceeding in which either Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(19) If Trustor shall die or sell, convey, hypothecate, transfer, encumber or alienate the Property, or any part thereof, or any interest therein, or shall be divested of title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the Beneficiary being first had and obtained, or if Trustor shall fail to make any payments due under the Note, or fail to perform any other obligation under this Deed of Trust, the Note, the Agreement Containing Covenants, or the Agreement, or any other deed of trust encumbering the Property or the promissory note or other agreement secured thereby, then Beneficiary shall have the right, at its option, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

(20) That Trustor shall promptly pay when due the payments of interest, principal, and all other charges accruing under any superior or prior trust deed, mortgage, or other instrument encumbering the Property. Upon any breach of the Agreement, Beneficiary, after compliance with the notice and cure requirements of Section 16 of the Agreement, shall have the right to declare all sums secured hereby immediately due and

payable. Beneficiary shall have the right, but not the obligation, to cure any defaults on any superior or prior deed of trust or promissory note secured thereby and upon curing such default Trustor shall immediately reimburse Beneficiary for all costs and expenses incurred thereby, together with interest thereon at the maximum legal rate permitted to be charged by non-exempt lenders under the State of California, and Trustor's failure to pay such amount on demand shall be a breach hereof. Trustor's breach or default of any covenant or condition of any superior or prior trust deed, mortgage or other instrument encumbering the Property shall be a default under this Deed of Trust.

(21) That the improvements now existing or to be constructed upon the Property, and all plans and specifications, comply with all municipal ordinances and regulations and all other regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at the following address:

Highland Property Development, LLC  
250 W. Colorado Blvd., Ste. 210  
Arcadia, California 91007  
Attn: William E. Rice

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of Trustor

HIGHLAND PROPERTY DEVELOPMENT, LLC  
a \_\_\_\_\_ limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF CALIFORNIA            )  
  )  
COUNTY OF RIVERSIDE         )       ss.

On \_\_\_\_\_, 200\_\_, before me, \_\_\_\_\_, Notary  
Public, personally appeared \_\_\_\_\_ personally  
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
Notary Public

STATE OF CALIFORNIA            )  
  )  
COUNTY OF RIVERSIDE         )       ss.

On \_\_\_\_\_, 200\_\_, before me, \_\_\_\_\_, Notary  
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Notary Public

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  )  
COUNTY OF RIVERSIDE         )       ss.

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STATE OF CALIFORNIA            )  
  )  
COUNTY OF RIVERSIDE         )       ss.

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he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
Notary Public

**EXHIBIT "D"**

Recording Requested By and  
When Recorded Return to:

Redevelopment Agency of the City of Blythe  
235 No. Broadway  
Blythe, California 92225  
Attn: City Manager

*Exempt from recording fees pursuant to Gov. Code Sec. 6103*

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SPACE ABOVE THIS LINE FOR RECORDER'S USE

**AGREEMENT CONTAINING COVENANTS  
AFFECTING REAL PROPERTY**

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY (this "Agreement Containing Covenants") is made and entered into as of \_\_\_\_\_, 200\_\_ by and between the REDEVELOPMENT AGENCY OF THE CITY OF BLYTHE, a public body, corporate and politic (hereinafter referred to as "Agency") and HIGHLAND PROPERTY DEVELOPMENT, LLC, a \_\_\_\_\_ limited liability company ("Owner"), with reference to the following:

**RECITALS**

A. Owner is the owner of real property located in the City of Blythe, California (hereinafter referred to as the "Property") and legally described on Exhibit "A," attached hereto and incorporated herein by this reference.

B. Owner and Agency have entered into that certain Redevelopment Loan Agreement dated as of \_\_\_\_\_, 200\_\_ (hereinafter referred to as the "Agreement"), which is incorporated herein by this reference. All capitalized terms not defined when first used in this Agreement Containing Covenants shall have the meanings ascribed to them in the Agreement. Under the Agreement, the Agency is providing financial assistance to Owner for the purpose of making improvements to the Property for the benefit of the residents of affordable housing located thereon and to maintain the community's supply of affordable housing.

C. As a condition of providing such financial assistance, the Owner desires to record this Agreement Containing Covenants to impose certain income and rent restrictions described below to satisfy Community Redevelopment Law requirements under Section 33334.2 of the California Health and Safety Code establishing an affordable housing program for the City of Blythe (the "Program").

NOW, THEREFORE, Agency and Owner agree as follows:

## AGREEMENT

1. Except for the covenants contained in Section 5 and Section 6, the covenants contained in this Agreement Containing Covenants shall remain in full force and effect until \_\_\_\_\_, 2062, unless sooner terminated by written agreement of the Owner and the Agency. The covenants contained in Section 5 and Section 6 shall remain in effect in perpetuity.

2. This Agreement Containing Covenants is in accordance with and subject to the California Community Redevelopment Law and the Agreement, which is a public record on file in the offices of the City Clerk of the City of Blythe (the "City") and the Secretary of Agency.

3. Owner hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Owner, and such successors and such assigns, shall:

a. Develop and use the Property only for the Project permitted and specified in the Agreement;

b. Keep the Property free from any accumulation of debris or waste materials, and keep the landscaping in a healthy condition; and

c. Maintain the Property and all improvements on the Property, including landscaping and signage, in good condition, and to the reasonable satisfaction of the Agency. Maintenance shall be in conformance and in compliance with City's codes relating to property maintenance and in accordance with the following:

i. Owner's execution of this Agreement Containing Covenants shall constitute an irrevocable license to the Agency (or its designee) of full and complete access to the Property with reasonable prior notice to Owner to perform such maintenance in the event of the failure of Owner to timely perform such maintenance.

ii. Owner shall reimburse the Agency for any and all costs incurred by the Agency in maintenance of the Property or the improvements or any signage thereon. If Owner fails to pay the costs incurred by the Agency within thirty (30) days of receiving an invoice for such costs, the Agency may place a lien on the Property or bring legal action to collect the amount due.

4. Owner hereby further covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Owner, and such successors and such assigns, shall:

a. Owner shall operate a residential project consisting of seventy (70) residential units (the "Project").

b. All of the units in the Project (the "Units") shall be rent and income restricted by the Owner. The Affordable Units shall be rented to households with incomes at or below 120% of the median income for Riverside County, California, as published from time to time by the U.S. Department of Housing and Urban Development ("HUD") and adjusted by household size (the "Median Income") at rents, including utilities, under which the tenant shall not pay more than the following:

i. For households of Very Low Income (i.e., income of 50% or less of Median Income): 30% times 50% of Median Income;

ii. For households of Low Income (i.e., income greater than 50% but less than 80% of Median Income): 30% times 60% of Median; and

iii. For households of Moderate Income (i.e., income greater than 80% but no more than 120% of Median Income): 30% times 110% of Median Income.

c. In determining the household size appropriate for the unit occupying the space, it shall be assumed one person occupies a studio unit, two persons occupy a one-bedroom unit, three persons occupy a two-bedroom unit, four persons occupy a three-bedroom unit, and five persons occupy a four-bedroom unit.

d. The income and household size of all households occupying Units shall be certified by the Owner prior to occupancy and re-certified annually thereafter. Each annual re-certification shall also include the initial occupancy date of the household occupying the Unit, the monthly rent paid for the Unit during the prior year, the utility allowance attributable to the Unit, and the percentage of household income used to pay rent. The Owner shall maintain all certifications and make them available to the Agency upon request.

5. Owner covenants and agrees for itself, its successors, and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, including but not limited to race, color, creed, religion, medical condition, sex, sexual orientation, marital status, ancestry, national origin, political affiliation or opinion, pregnancy or pregnancy related condition, age or disability, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property.

6. Owner covenants and agrees for itself, its successors and assigns, and every successor of interest to the Property that all deeds, leases or contracts relating to the sale, transfer or leasing of the Property or any interest therein, the Project, or any part

thereof, shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

In deeds:

“The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

In leases:

“The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the

selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

In contracts:

“The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

“Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.”

7. All conditions, covenants and restrictions contained in this Agreement Containing Covenants shall be covenants running with the land, and shall burden the Property and run for the benefit of Agency.

8. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that Agency and City shall be deemed a beneficiary of the agreements and covenants provided hereinabove, both for and in each of their own rights and also for the purposes of protecting the interests of the community. All covenants, without regard to technical classification or designation, legal or

otherwise, shall, in any event, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Agency, its successors and assigns, and City and its successors and assigns, against Owner, its successors and assigns, to or of the Property or any portion thereof or any interest therein, and any party in possession or occupancy of the Property and such covenants shall run in favor of Agency and City for the entire period during which such covenants shall be in force and effect, without regard to whether Agency or City is or remains an owner of any land or interest therein to which such covenants relate. Any material breach by the Owner of any representation, warranty or covenant hereunder, which is not cured within thirty (30) days after notice thereof given by the Agency or City, or, where cure is not possible within thirty days, whose cure is not commenced within sixty (60) days and diligently prosecuted to completion shall constitute an Event of Default. If the Event of Default is not cured (or cure is not commenced) within such time, the Agency or City may seek legal remedies including the following:

- (a) Collect all rents and income in connection with the operation of the Project and use the same and the reserve funds for the operation and maintenance of the Project.
- (b) Take possession of the Project and bring any action necessary to enforce any rights of the Owner growing out of the operation of the Project, and operate the Project in accordance with the terms of this Agreement Containing Covenants until such time as the Agency or the City, in its reasonable discretion, shall determine that the Owner is again in a position to operate the Project in accordance with the terms hereof.
- (c) Apply to any court, State or federal, for specific performance of this Agreement Containing Covenants or for the appointment of a receiver to take over and operate the Project in accordance with the terms hereof or for such other relief as may be appropriate. It is agreed by the Owner that the injury to the Agency and City arising from a default under any of the terms hereof would be irreparable and that the amount of compensation which would provide adequate relief to the Agency and City, in light of the purposes of the Program would be impossible to ascertain.
- (d) Accelerate all amounts, including outstanding principal and interest, due under the Loan and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the Agency or City may proceed with a foreclosure in accordance with the provisions of the Agency Deed of Trust and State law regarding foreclosures.
- (e) The Agency or City may seek such other remedies as may be available under law or equity.

In the event that the breach or violation involves the rents to tenants or other charges in excess of those permitted hereunder, the Agency or City may demand, and seek as an additional remedy, the return of such excess rents or other charge to the

affected households. The remedies of the Agency or City hereunder are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Agency or City of any one or more of their other remedies. In the event of any litigation involving the enforcement of this Agreement Containing Covenants, the prevailing party shall be entitled to its attorneys' fees, costs and any other costs of enforcement.

9. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement Containing Covenants shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest permitted by this Agreement Containing Covenants; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such owner's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

IN WITNESS WHEREOF, the parties have executed this Agreement Containing Covenants as of the day and year written above.

"OWNER"

HIGHLAND PROPERTY  
DEVELOPMENT, LLC  
a limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

"AGENCY"

REDEVELOPMENT AGENCY OF  
THE CITY OF BLYTHE, a public  
body, corporate and politic

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

STATE OF CALIFORNIA            )  
  )  
COUNTY OF RIVERSIDE         )       ss.

On \_\_\_\_\_, 200\_\_, before me, \_\_\_\_\_, Notary  
Public, personally appeared \_\_\_\_\_ personally  
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
Notary Public

STATE OF CALIFORNIA            )  
  )  
COUNTY OF RIVERSIDE         )       ss.

On \_\_\_\_\_, 200\_\_, before me, \_\_\_\_\_, Notary  
Public, personally appeared \_\_\_\_\_ personally  
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s)  
whose name(s) is/are subscribed to the within instrument and acknowledged to me that  
he/she/they executed the same in his/her/their authorized capacity(ies), and that by  
his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
Notary Public

**[On Blythe Redevelopment Agency Letterhead]**

Draft Letter of Intent

Mr. William Rice  
Highland Property Development, LLC  
250 W. Colorado Blvd.  
Arcadia, CA 91007

RE: Rhyolite Apartments, 400 N. Palm Drive, Blythe, CA

This letter of intent (this "Letter") summarizes certain of the basic terms of a loan by the Redevelopment Agency of the City of Blythe (the "Agency") to Highland Property Development LLC (the "Borrower") for the redevelopment of the Rhyolite Apartments at 400 N. Palm Drive, Blythe, California (the "Property"). The loan was authorized October 9, 2007 by Agency Resolution No. RA 2007-123, subject to negotiation of a loan agreement (the "Agreement") which shall be presented to the Agency Board of Directors (the "Board") for approval in late November or December, 2007. Subject to such approval, the following are the essential terms of the Agreement:

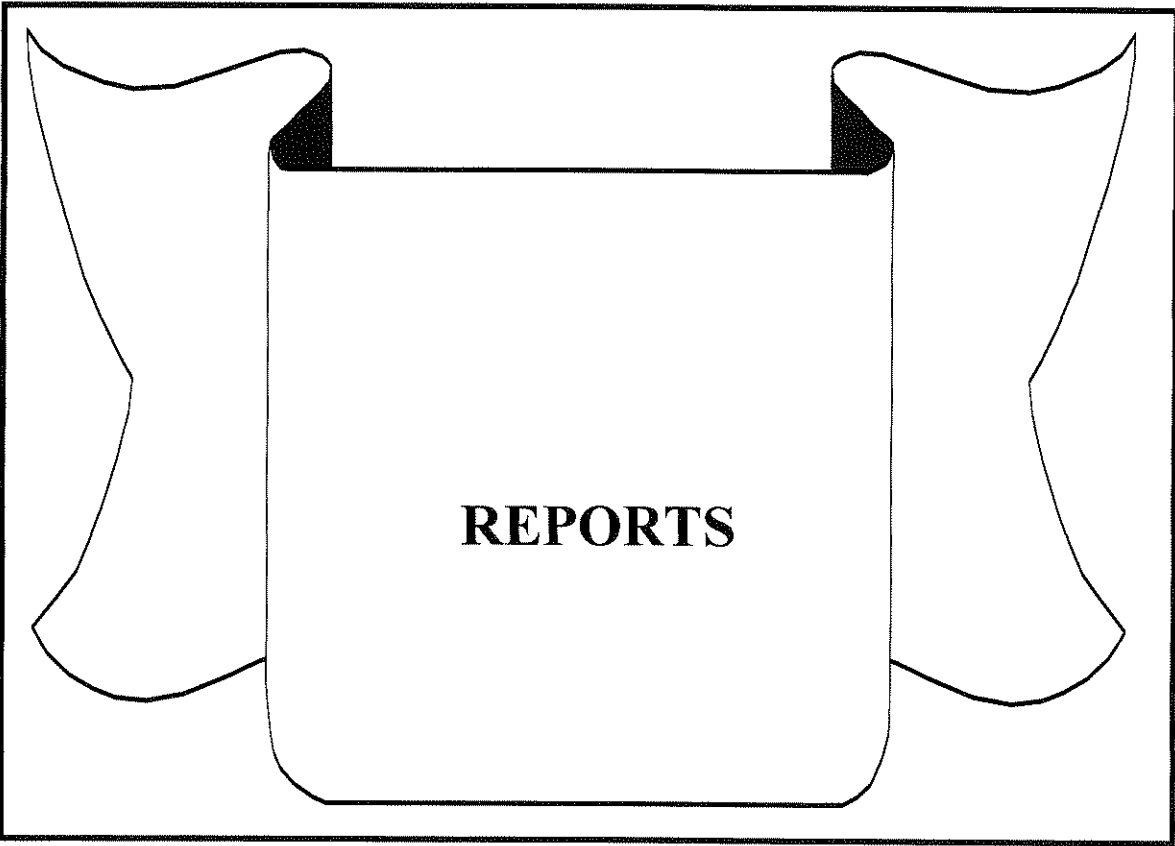
1. **Loan Amount:** \$350,000 (the "Loan").
2. **Source of Funds:** Agency's Low/Moderate Income Housing Fund.
3. **Use of Funds:** To support substantial rehabilitation of the Property, including security improvements (the "Project").
4. **Loan term:** 17 years from first disbursement (the "Maturity Date").
5. **Interest rate:** No interest, except in the case of default, in which case the interest rate shall be 6.5% per annum.
6. **Repayment:** Beginning on the first anniversary of the first disbursement of the Loan, Borrower shall pay 25% of the Project's "Residual Receipts," to the Agency twice yearly. "Residual Receipts" means the difference, if positive, between all income received by Borrower with respect to the Project (including, without limitation, rents, grants, reimbursements, contributions, gifts, or payments for services delivered at the Project) and all operating expenses of the Project (including, without limitation, maintenance, repairs, payment of staff salaries and Project management fees, debt service and taxes). The balance shall be due and payable in full on the Maturity Date.
7. **Security:** Deed of trust on the Property, subordinate to the California Department of Housing and Community Development ("HCD") deed of trust and tax-exempt bond financing approved by Agency.
8. **Other conditions to Loan:**

- a. Borrower shall demonstrate that it has obtained additional financing necessary to complete the Project;
  - b. The Property shall be encumbered with a deed restriction limiting occupancy of the Property to low and or moderate income persons or families at affordable rents (as such terms are defined by state redevelopment law) for a period of 55 years from the completion of the rehabilitation;
  - c. Borrower shall actively pursue tax credit and tax exempt bond financing for the Project as outlined in Borrower's August 3, 2007 proposal to the Agency, and comply with all requirements of such financing; and
  - d. Borrower shall execute such documentation related to the Loan as reasonably required by the Agency, including, but not limited to a promissory note, a deed of trust and the deed restriction referenced in Section 8.b, above.
9. **Agency Cooperation.** The Agency shall provide assistance to Borrower in obtaining its other financing, including holding a TEFRA hearing to enable Borrower to apply for tax exempt bond financing.
10. **Other.** The Agreement will include customary Agency provisions on matters including, but not limited to, general indemnification, non-discrimination and process for design approvals.

This Letter, and the basic terms delineated herein, shall be in effect and valid as a commitment from the Agency until October 9, 2008. Any extension requested must be in writing, and approval of an extension request is in the sole discretion of the Board. While this Letter summarizes the essential terms of the proposed Agreement, it does not set forth all of its material terms and conditions and is not intended to be, and shall not become, contractually binding on the Agency or the Borrower until the parties have negotiated and the Board shall have approved the Agreement.

Sincerely,

Les Nelson  
City Manager



**CITY COUNCIL MEETING  
NOVEMBER 27, 2007  
CITY MANAGER'S REPORT**

1. On November 14, 2007, Superior Court Judge Harold Hopp (Indio Division) set the following briefing and hearing schedule for the City's Wal-Mart project:
  - A.) Responsive pleadings shall be filed on November 30, 2007;
  - B.) Petitioners' Opening Briefs and Statement of Issues shall be filed by December 26, 2007;
  - C.) Respondent's and Real Party in Interest's Opposing Briefs and Statement of Issues shall be filed by February 15, 2008;
  - D.) Petitioners' reply briefs shall be filed by March 3, 2008;
  - E.) The Trial Hearing will take place on April 18, 2008 in Indio Superior Court.

Per my understanding, a CEQA lawsuit is not like the "typical" civil court case where the work of examination/cross examination of witnesses is done at trial. Virtually all of that in a CEQA case is done before the trial. Also, CEQA cases have a priority on the court calendar. Other civil cases in Riverside County are taking up to four years to get a Superior Court date. The City of Blythe City Council approved the Wal-Mart project on December 19, 2006. On a priority basis, this project will take almost exactly 16 months to finally have its' day in court.

2. The League of California Cities will conduct their 2008 New Mayors and Council Members Academy in Sacramento from January 16-18, 2008. The deadline for registration is December 21, 2007, and arrangements to attend should be made through the City Clerk (Attachment 1).
3. On an limited basis, the City of Blythe has participated in discussions relative to trying to save the Arizona California Railroad (ARZC) branch line service that runs between Rice to Ripley. According to ARZC, their interest in discontinuing the service results from "... declining traffic, continued operating losses and very high (track) rehabilitation costs." Also according to ARZC: "In order to continue to provide long-term service over the Blythe Subdivision (branch line) ARZC requires immediate financial assistance, whether it be from Blythe, the Shipper Group or any other source." According to my notes and other information sources from ARZC and the Shipper Group:
  - Branch line requires approximately 3,000 carloads per year to be profitable. Fewer cars and the system maintenance costs are not met.
  - Over the last 8 years traffic volume has declined, Shippers say in part because the service is so unpredictable.

- Infrastructure and track rehabilitation is a minimum \$6 million expenditure, and ARZC will not invest \$6 million with the current service levels.
- ARZC is looking for written guarantees on financial assistance by December 15<sup>th</sup>, with funds available by January 1, 2008.

Given the magnitude of the problem, the scarcity of Shippers, and ARZC's unrealistic (my opinion) immediate timeframes, staff is not optimistic about gaining a favorable resolution to the ARZC branch line service issue.

4. Staff believes the Desert Alliance for Community Empowerment (DACE) has been successful in attracting a full service Hispanic market to take occupancy of the former Imperial Furniture Store. Per staff's limited information, supposedly Halum Market out of the Coachella Valley (started in Los Angeles 20 years ago) has signed a lease with DACE for 15,000 s.f., they will employee approximately 35, and their target is to open in January 2008.
5. Miscellaneous . . . solid waste illegally stored on S. Broadway is not being removed offsite at anywhere near the schedule that was conveyed to the City, and the City is complaining to the County about the lack of appreciable progress . . . Carl's Jr. has been issued their Certificate of Occupancy . . . wood floors at the City's Recreation Center were recoated the week of November 19<sup>th</sup> . . . Annual Christmas Parade is Saturday, December 1<sup>st</sup> beginning around 5:00 p.m. . . . staff is expecting the clean-up from the Rolo's fire at 140 W. Hobsonway to be completed mid-January 2008.

Respectfully submitted,



Les Nelson  
City Manager

Attachment

*Leadership*

*Through*

*Learning*



## 2008 NEW MAYORS AND COUNCIL MEMBERS ACADEMY

*Wednesday, January 16 – Friday, January 18, 2008  
Hyatt Regency, Sacramento*

### Who should attend?

- Newly elected or experienced Mayors or Council Members
- City Managers
- City Clerk in a non-manager city

**Hotel and Registration Deadline:  
Friday, December 21, 2007**

*-Register online at [www.cacities.org/events](http://www.cacities.org/events)*

***This conference meets  
the requirements for  
Leadership level  
of the Academy***

Those newly elected to the  
council will find this  
conference essential for  
success in office

ATTACHMENT 1  
PAGE 2 OF 5

# Wednesday

## January 16, 2008

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### Registration Open

7:30 a.m. - Noon

### CityBooks Open

8:30 a.m. - 5:00 p.m.

### The Value of Basics Boot Camp

10:15 - 11:45 a.m.

After a few council meetings, you will discover that sitting on the "target" side of the dais means among other things you must be prepared. Prepare by discussing 10 basic rules for new council members.

*Speakers:*

Gus Morrison, Former Mayor, City of Fremont

Les White, Former City Manager, City of San Jose

### General Luncheon

#### Your League and How To Use It

Noon - 1:45 p.m.

As a city official, you are the League. Its success, along with yours, depends on your involvement and leadership. Introduce the services of the League of California Cities, how you can access them and, learn how you can become involved for mutual benefit.

*Speakers:*

Jim Madaffer, President, League of California Cities and Council Member, City of San Diego

Chris McKenzie, Executive Director, League of California Cities, Sacramento

### Your Legal Powers and Obligations

2:15 - 3:30 p.m.

You were elected to make things happen in your city. Determine the sources of your powers as a city official, the limitations on those powers, and a basic understanding of the legal authorities and restrictions under which cities and city officials operate, including the Brown Act.

*Speakers:*

Patrick Whitnell, General Council, League of California Cities, Sacramento

Jayne Williams, Managing Principal, Meyers Nave, Oakland

### Effective Advocacy and Key City Issues

4:00 - 5:00 p.m.

Obtain practical skills to develop persuasive arguments and testimony that serve your city's interests.

*Speaker:*

Daniel Carrigg, Legislative Director, League of California Cities, Sacramento

### Legislative Reception

5:30 - 7:00 p.m.

Join other newly elected Mayors and Council Members, along with State Legislators for a reception at the Sutter Club, located at 1220 Ninth Street, Sacramento.

**Thursday**  
**January 17, 2008**

*ATTACHMENT 1*  
*PAGE 3 OF 5*

**Registration Open**

7:30 a.m. - Noon

**CityBooks Open**

8:30 a.m. - 5:00 p.m.

**Regional Division Forums - Building Your Local Network**

7:30 - 8:30 a.m.

Enjoy a light continental breakfast while you network and get acquainted with others from your regional division. Identify the key issues in your region.

*Speakers:*

Mike Madrid, Public Affairs Director, League of California Cities, Sacramento

Amy O'Gorman, Director of Regional Public Affairs, League of California Cities, Sacramento

**Policy Role in Land Use Planning**

8:45 - 10:45 a.m.

Fostering a solid working relationship with your city's planning commission and planning staff involves the setting and implementation of the policies articulated in the city's general plan and its zoning code. Recognize the tools and processes in land use planning such as the California Environmental Quality Act (CEQA).

*Speakers:*

Bill Higgins, Legislative Representative, League of California Cities, Sacramento

**Relationship Between City Council and City Manager/Staff**

11:00 a.m. - 12:15 p.m.

As an elected official, there are various competing and legitimate values driving you and your colleagues. Your success on the council requires an effective relationship with your city manager, city attorney and staff. Discover how to enhance these relationships by work together while respecting those diverse roles.

*Speaker:*

Jeff Kolin, City Manager, City of Santa Rosa

**Networking Luncheon**

12:30 - 1:45 p.m.

Enjoy networking with other newly elected officials!

**How to Build and Maintain the Public's Trust: Practical Ethics and the Law**

2:00 - 4:00 p.m.

This lively session is designed to satisfy the mandatory ethics training requirements imposed by AB 1234 and reflects the Institute for Local Government's extensive research into public service ethics issues.

Planned with the Institute for Local Government.

*Speaker:*

JoAnne Spears, Executive Director, Institute for Local Government, Sacramento



**El Circo - How to Conduct an Effective and Respectful Council Meeting**

5:30 - 8:30 p.m.

During a full dinner, enjoy a skit depicting the wrong and right way to conduct your city council meetings; followed by Q&A.

*Facilitator:*

Michael Jenkins, City Attorney, Cities of Diamond Bar, Hermosa Beach, Rolling Hills and West Hollywood, Jenkins & Hogin, LLP, Malibu

PLEASE NOTE: Session times, titles, and topics are subject to change

**Friday**  
**January 18, 2008**

ATTACHMENT 1  
PAGE 4 OF 5

### **Networking Breakfast**

7:30 - 8:15 a.m.

Enjoy a full buffet breakfast as you join in lively group discussions.

### **Dealing and Succeeding with the Media**

8:30 - 9:30 a.m.

When the media calls for an interview do you panic or prepare? Receive practical tips on overcoming panic and how to turn that nervousness into productive energy that will benefit your constituents the, media and you. These lessons apply with all media and will help you be perceived and understood as a true leader.

*Speaker:*

William Schreiber, Executive Vice President and Managing Director, Porter Novelli

### **Your Financial Responsibilities - Introduction to Finance**

9:45 - 11:00 a.m.

Uncover your key responsibilities as elected officials in exercising fiduciary responsibilities. Topics such as the local government financial cycle and elected official financial oversight duties will be addressed. The importance of structurally balanced budgets, tips on setting city council goals and the need for financial policies will be stressed. Find out how to avoid micromanagement and complacency management plus identify the four stages of fiscal meltdown.

*Speaker:*

Len Wood, President, Len Wood & Associates



### **Audit Training**

11:15 a.m. - Noon

There is a new requirement for city auditors that will be in affect for the June 30, 2008, audit! Details include:

- Why the new requirements are in place
- The city council's new responsibilities and how to meet them
- The consequences of not meeting the new requirements

*Speaker:*

Michael Moreland, Managing Partner, Moreland & Associates, Inc., Newport Beach

### **Adjourn**

Noon

## GENERAL INFORMATION

### Registration/Events

The full registration fee includes program materials, reception on Wednesday, lunch on Wednesday and Thursday, dinner on Thursday and breakfast on Thursday and Friday.

Registrations completed online at [www.cacities.org/events](http://www.cacities.org/events) before **Friday, December 21, 2007**, will also receive a \$20 discount coupon to be used at the **CityBooks** bookstore. CityBooks can help increase your leadership skills and professional knowledge in vital areas. Don't miss this great way to expand and share your learning with colleagues at city hall!

#### One day registration is not available

|                               |           |
|-------------------------------|-----------|
| City Officials and City Staff | \$ 510.00 |
| All Others                    | \$ 625.00 |

**NOTE:** All cancellations must be submitted **in writing** and are subject to a \$50 processing fee. No refunds will be given for cancellation requests received after **Wednesday, January 2, 2008**. Substitutions can be made on site.

### Guest/Spouses

The guest badge is required to allow attendance at all sessions and meal functions.

|              |          |
|--------------|----------|
| Guest/Spouse | \$120.00 |
|--------------|----------|

**Note:** It is inadvisable to use city funds to pay for spouse registration. See 75 Ops. Cal. Atty. Gen. 20 (1992). Consult with your city attorney for more information.

### Directions

**From I-5**, exit on J Street. Take J Street to 15<sup>th</sup> Street and turn right. From 15<sup>th</sup>, turn right onto L Street; turn right to hotel entrance on right side of L Street between 13<sup>th</sup> and 12<sup>th</sup> Streets.

**From Capitol City Freeway, East**, take the 15<sup>th</sup> Street off-ramp, continue straight to 16<sup>th</sup> Street and turn left. Proceed to L Street and turn left; the hotel is on the right between 13<sup>th</sup> and 12<sup>th</sup> Streets.

**From the South on Highway 99**, take Capitol City Freeway, West; exit at 16<sup>th</sup> Street and turn right. At L Street, turn left. The hotel entrance will be on the right side between 13<sup>th</sup> and 12<sup>th</sup> Streets.

### Airlines

We invite you to visit [www.cacities.org/travel](http://www.cacities.org/travel) for the new Enhanced Local Government Airfare Program.

### Hotel Information and Reservations

#### STEP 1: Register for the Conference

All attendees must register for the conference directly with the League of California Cities, online at [www.cacities.org/events](http://www.cacities.org/events) prior to reserving the hotel room. Once your event registration is complete, you will be led to the housing registration page.

If you need to send a check or money order, please print a registration form from our website at [www.cacities.org/events](http://www.cacities.org/events).

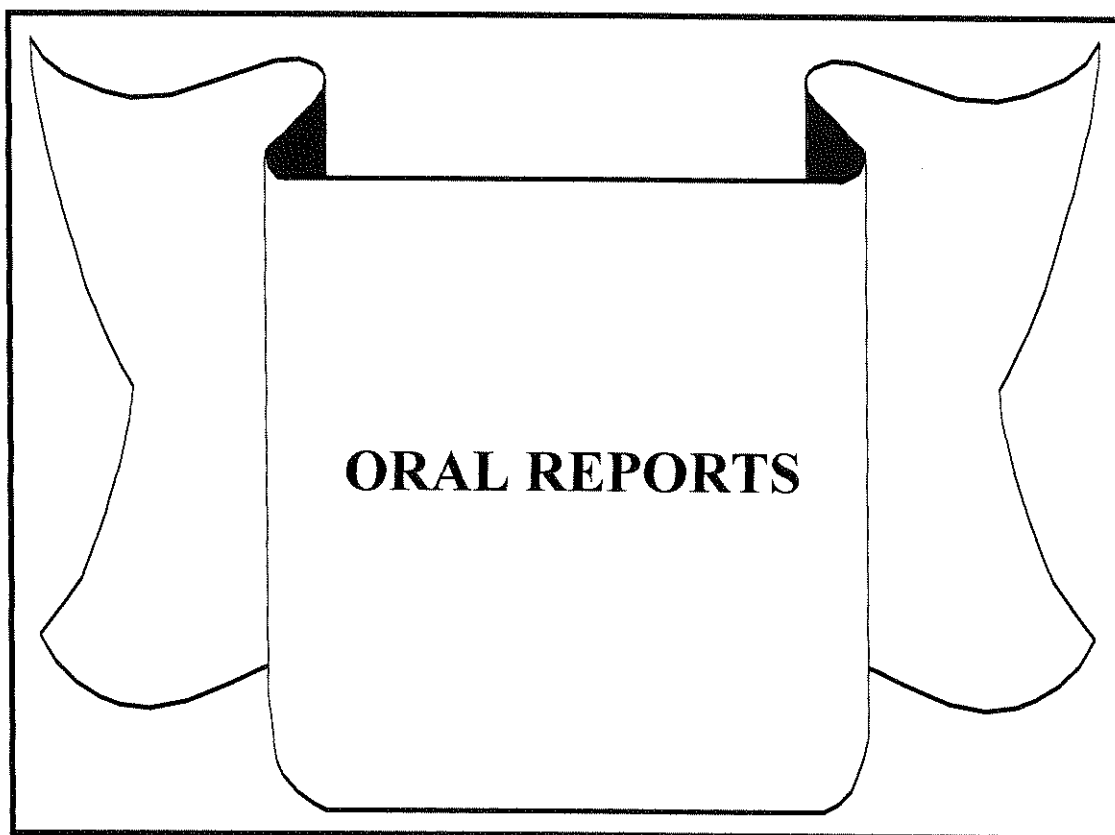
#### STEP 2: Secure Your Hotel

**CREDIT CARD:** The online conference registration link, will take you directly to the online housing reservation. For immediate hotel reservations and confirmation, please book your required rooming needs online after registering for the conference.

**OPTION B** (check or money order): After the League of California Cities receives and processes your registration for the conference, you will be sent an e-mail with an online link (URL) for hotel reservations.

#### STEP 3: Hotel Changes or Hotel Cancellations

Hotel reservation changes, date modifications, early check-outs, or cancellations must be communicated directly with the Hyatt Regency Sacramento by each individual within 72 hours of arrival date.





**PUBLIC COMMENT**



**ADJOURN**